

Hacienda La Puente Unified School District



CITIZENS BOND OVERSIGHT COMMITTEE

2020 ANNUAL REPORT

FOR MEASURE BB

SUBMITTED TO: HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES
AUGUST 2021

Message from the Citizens Bond Oversight Committee (CBOC) Chair

Dear Community Members,

As of June 2020, this is my third year serving as Chair for the Citizens Bond Oversight Committee and this is the 3rd annual report on Measure BB passed by the voters in November 2016 for \$148 million. It is with much awareness of transparency, accountability and responsibility that I share this Annual Report.

I would like to take this opportunity to extend sincere sentiment regarding the COVID pandemic. Everyone has been impacted by this deadly virus. My wish is that you find yourself in a hopeful, peaceful place, while recognizing the values that you hold dear and respect of others.

I also extend my appreciation to the Teachers, Staff, Administrators and Board Members of the Hacienda La Puente USD in dealing with the challenges brought on by the Pandemic.

This report covers fiscal year July 2019 through June 2020. Although CBOC is only required to have one annual meeting, the CBOC members were committed to continue quarterly meetings. In-person meetings were held on October 2, 2019, December 4, 2019, March 4, 2020 and Zoom meeting on June 3, 2020. Agenda items, minutes and reports can be found on the district website at <https://www.hipschools.org/cboc>.

I am grateful to serve on a committee with individuals who volunteer their time to attend the quarterly meetings, ask relevant questions, and engage in discussions. Their commitment to protect the integrity of the bond program is commendable. The task and responsibility of CBOC members is not effortless. Participating on the committee requires members to spend numerous hours reviewing; financial reports, contractual agreements, minutes and financial audits.

I am hopeful that you will find this concise report informative, and I encourage you to review the detailed information on the District website for additional insight.

Sincerely,



Leticia
Covarrubias
CBOC Chair

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT CITIZENS
BOND OVERSIGHT COMMITTEE

<u>NAME</u>	<u>TITLE</u>	<u>REPRESENTATION</u>
Leticia Covarrubias	Chair	At-Large Community Member
Charlie Klinakis	Member	Taxpayer Organization Member
Savina Low	Member	Parent/Guardian of Child in District
Neal Noborio	Member	Parent Teacher Organization Member
Louis Perez	Member	Senior Citizen Representative
Olivia Roberts	Member	At-Large Community Member
Reina Schmitz	Member	At-Large Community Member
Margarita Sudjono	Member	Business Organization Member

The CBOC is comprised of 8 Members

The State of California requires Citizens Bond Oversight Committees to inform the public and taxpayers concerning the Proposition 39 (55% local school bond measures) expenditures and use of bond funds at least once a year.

Annual Report 2020

Audit Report for Fiscal Year end June 30, 2020

TO SUPPORT BOND ACCOUNTABILITY AND TRANSPARENCY

This is the Hacienda La Puente Unified School District's Citizens Bond Oversight Committee (CBOC) Annual Report 2020

CONTACTING THE CBOC

Hacienda La Puente Unified School District

For more information or if you have any questions, please contact Lelia Gonzalez at

(626) 933- 3820 or ldavidson@hlpusd.k12.ca.us

THE PURPOSE OF THIS REPORT

The State of California requires Citizens Bond Oversight Committees (CBOCs) to inform the public and taxpayers concerning the expenditures and use of bond funds at least once a year.

This is Hacienda La Puente Unified School District's (HLPUSD's) 2020 CBOC Annual Report.

ANNUAL STATEMENT COMPLIANCE REQUIREMENT

The 2020 CBOC Annual Report for the fiscal year ending June 30, 2020, is submitted to the Board of Trustees by the Committee in accordance with Education Code Section 15278 (b).

The Committee advises that, to the best of its knowledge based on available information provided by the District, HLPUSD is in full compliance with the requirements of Article XIII A, Section 1 (b) (3) of the California Constitution.

Independent Audit Review

The auditor issued an unqualified opinion that no deficiencies or unallowable expenses were discovered that should not be charged to the Bond Program. The auditor also conducted a performance audit that concluded the District is in compliance with Measure BB. The audit was received and accepted by the Board of Trustees on January 28, 2021, and presented to the CBOC at the March 3, 2021 CBOC meeting.

THE FOCUS OF THIS REPORT

This report covers CBOC activities related to HLPUSD's bond project activities which took place during fiscal year 2020. Historic context leading up to fiscal year 2020 activities or subsequent events which took place after 2020, may be included only as needed to explain and give context to activities and/or events.

THE ORGANIZATION OF THIS REPORT

The report begins with Measure BB background information and the CBOC oversight roles & responsibilities. Thereafter, the main body of this report is organized into four sections:

- Quarterly meeting discussions summarized
- Bond Expenditures
- Bond Progress and Achievements
- Annual Compliance Statement, legally required

MEASURE BB BACKGROUND INFORMATION

The Hacienda La Puente Unified School District Bond program, funded by Measure BB, is a \$148 million general bond obligation passed by the board on August 11, 2016. The voters approved the measure at the November 2016 elections.

MEASURE BB VOTER APPROVED EXPENDITURES

“To upgrade/repair all neighborhood school classrooms and retain/attract quality teachers by renovating all science, technology, engineering, art/math labs/classrooms, and athletic facilities; ensuring drinking water safety; repairing, constructing, equipping/acquiring educational facilities to prepare students for college and 21st century vocational jobs/careers, shall Hacienda La Puente Unified School District issue up to \$148,000,000 in bonds at legal rates, requiring audits, citizens' oversight, no money for administrators' salaries, and all funds”

Proceeds from sale of bonds authorized by the Measure shall be used **only** for the purposes specified in the Measure, including but not limited to:

- Repairing or replacing roofs, floors, plumbing, and electrical systems;
- Upgrading classroom technology;
- Repairing classrooms and school buildings;
- Providing and maintaining up-to-date technology infrastructure;
- Repairing athletic facilities and infrastructure;
- Automating fire alarm systems,
- Repairing fire safety equipment, and adding sprinklers and fire safety doors;
- Upgrading and installing security systems, such as security lighting, fencing, smoke detectors, and fire alarms;
- Upgrading emergency communication systems;
- Installing energy-efficient systems;
- Improving heating, ventilation, air-conditioning, and lighting systems, doors, and windows to increase energy efficiency;
- Upgrading and expanding wireless systems, telecommunications, and Internet and network connections;
- Upgrading electrical wiring, data networks, and broadband;
- Upgrading and replacing computers, hardware, and infrastructure systems, classroom and library technology, and teaching equipment.

The proceeds of the sale of the Bonds shall be used only for the purposes set forth in the ballot measure and not for any other purpose, including teacher or administrator salaries or other school operating expenses.

CBOC BACKGROUND INFORMATION

ROLES & RESPONSIBILITIES OF CBOC

The committee's role is to review and report on District spending of taxpayers' money for authorized expenditures per the Bond Measure. The oversight committee's purpose is to provide a public accounting of the District's bond expenditures and report to the community whether the District complies with bond expenditure requirements. Committee members represent the community and appointed by the Governing Board.

PRIMARY DUTIES

- Review bond expenditures to ensure that proceeds have been expended for the purpose set forth in Measure BB.
- Inform the Public concerning the District's expenditures of bond proceeds.
- Present to the District's Governing Board an annual report of the committee's proceedings and activities of the previous year.
- Provide a statement indicating whether the District is in compliance with bond requirements.

HLPUSD BOND COMMITTEE MEMBERSHIP

- A two-year term: Members in good standing are eligible for up to three consecutive two- year terms.
- Attendance at four quarterly meetings per year. Meeting dates are identified at the start of each year, and generally run between 60-90 minutes.
- Participation in periodic campus facilities tours to view construction projects in progress.
- HLPUSD committee is comprised of at least 7 members and is appointed by the Governing Board.

CBOC BYLAWS

The DISTRICT adopted CBOC bylaws to clearly identify the oversight committee purpose, duties, activities, membership and other conditions. All CBOC meetings and the oversight members comply with the *Ralph M. Brown Public Meetings Act*. Above mentioned bylaws is attached as Exhibit A.

PART 1: CBOC QUARTERLY MEETINGS (SUMMARIZED)

To view meeting agenda's, information and full discussions, please visit the District website at: <https://www.hipschools.org/cboc>.

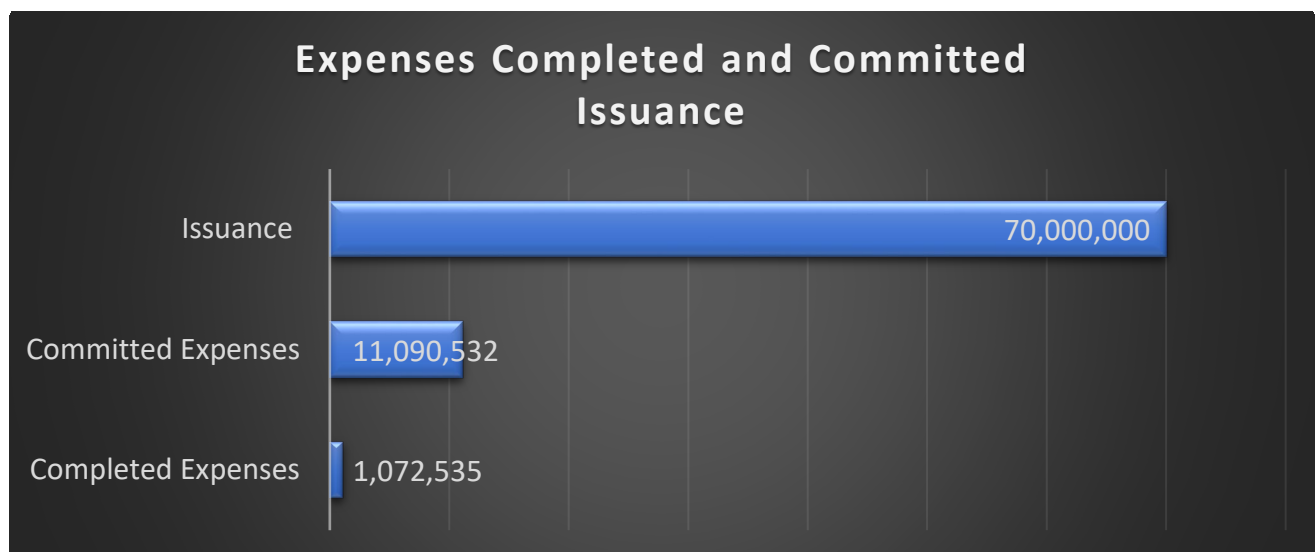
Wednesday, October 2, 2019 HLPUSD District-La Puente Conference Room, 15959 East Gale Ave, Hacienda Heights, California

Visitor from the community shared her interest to have a better understanding of Measure BB bond project.

Bond Expenditures

CBOC members reviewed the Cost of Bond Issuance, \$465,750 including \$32 million of scheduled projected expenditures for Phase 1 and Phase 2. An expenditure timeline report was provided by the District to the CBOC members. The Chair requested further clarification regarding whether the expenditure timeline requirement include “encumbered” funds rather than “assigned” or “committed”. Annie Bui, Associate Superintendent, Business Services informed the committee that “assigned” funds would meet the three year timeline compliance requirement.

Expenses Completed and Committed including 1st Issuance Amount



Graph provided as illustration for annual report. Content was discussed, actual graph not reviewed during CBOC meeting

There were two concerns expressed by two CBOC members. The first concern was expending 85% of bonds issued (July 2017) within three years. The second concern was, since construction costs had risen, the lack of bond activity and the delays in moving forward may have resulted in unfunded projects.

Projected budget for Phase 1 & 2 by School Site

The District provided a detailed budget by school site for Phase 1 & Phase 2. The CBOC members reviewed and discussed the planned budget of \$31,171,590.

Phase 1 & 2 Budget \$31,171,590

Cedarlane MS	\$3,993,714
Grandview MS	\$3,588,274
Los Altos ES	\$3,131,970
Mesa Robles MS	\$5,877,266
Nelson ES	\$2,379,093
Newton MS	\$3,993,321
Sparks MS	\$2,848,758
Workman ES	\$2,782,574
District Wide (Adm)	\$2,574,000
Other	\$2,620

Chart of Accounts

To assist the CBOC members in understanding the various expense categories, the Chair requested the District provide a Chart of Accounts. During the discussion, a CBOC member requested clarification regarding the 21st century classroom, noting that bond funds were used for replacing drinking fountains. Director of Facilities, Mark Hansberger reported that DSA requires repairs and updates to path of travel which includes sidewalks. He reminded the CBOC members that safe drinking water was part of the bond.

Program Construction Management

CBOC members were provided construction management requests for proposals and requests for quotes. A CBOC member asked if a code of ethics to be signed was required by the contractors. The District stated that there was a general acknowledgement of the code of ethics in the contractors agreements which includes, “to abide by California law and board policy”.

All Bond Agreements Approved

The CBOC members had previously requested all board approved agreements be provided to the committee. The District provided a link to the Architect agreements.

Measure BB Board Bond Presentations

The committee requested the District share the same Bond presentations that were provided to the Board. In a previous meeting, the Chair recommended updating all bond presentations to include the 2016 official bond language from the ballot. Annie Bui, Associate Superintendent, Business Services implemented the recommendation.

The Chair reminded the committee when reviewing expenditures, they must be aligned with the project list in the bond language.

There was one concern shared from a CBOC member regarding the possibility of depleting bond funds before completing 21st century upgrades for all sites. The District responded by stating that the architects were working on that concern.

Technology expenditures to be completed by October 9th and October 10th included 1:1 laptops and carts.

Bond Approved DSA Projects

Safe drinking water included water bottle fillers. DSA approved the following site projects Cedarlane, Workman ES, Sparks MS, Wilson HS, Nelson, Newton, Los Altos ES, Workman HS, La Puente HS, Mesa Robles, and Grandview.

Bond Project Timeline

There was further discussion regarding the expenditure timeline. Annie Bui, Associate Superintendent, Business Services stated that the Phase 1 & 2 Bond budget addressed the

concern and the District is compliant with timeline. She also stated that the Audit report would inform the public if the District is out of compliance.

Bond Accountability/Legislative Codes

The legislative codes holding the District accountable was reviewed by the CBOC members. There was discussion regarding CBOC membership and expiration of terms. To help new members understand their roles and responsibility to protect the integrity of the bond, there was a recommendation to conduct New Member Onboarding.

There was a consensus recommending recruitment of new members and conduct onboarding.

Efforts Minimizing Bond Cost – Sale of Surplus Property

There was discussion regarding sale of surplus property and if the Board would consider the proceeds be used to help complete unfunded/unfinished bond projects. A CBOC member stated that the question was not relevant to the bond because it is not within the scope of bond funds. There was further discussion regarding relevancy of the funds.

CBOC Reports

The committee reviewed the following reports:

- Non-bond projects
- Measure BB Project list
- Pre Measure BB estimated Costs for Project List
- Design Guidelines Summary

Annual Performance Audit

The committee reviewed the fiscal year ending June 30, 2018 annual bond audit and annual performance audit. The audit report concluded that there were no instances of non-compliance or other matters that are required to be disclosed. The performance report concluded that the District complied with Measure BB.

Wednesday, December 4, 2019 HLPUSD District-La Puente Conference Room, 15959 East Gale Ave, Hacienda Heights, California

A visitor from the community expressed her concern regarding why the Boards' only remedy to address facility costs was to request approval of a bond measure. She also shared her concern regarding the \$1.2 billion master plan costs.

Bond Expenditures

The members reviewed bond expenditure report that included the project sites, vendors, and expenditure/committed amounts.

- Technology costs reported was \$8.5 million
- The committed amounts reported was \$11.5 million.
- Total expenditures through November 13, 2019 was \$9.7 million.

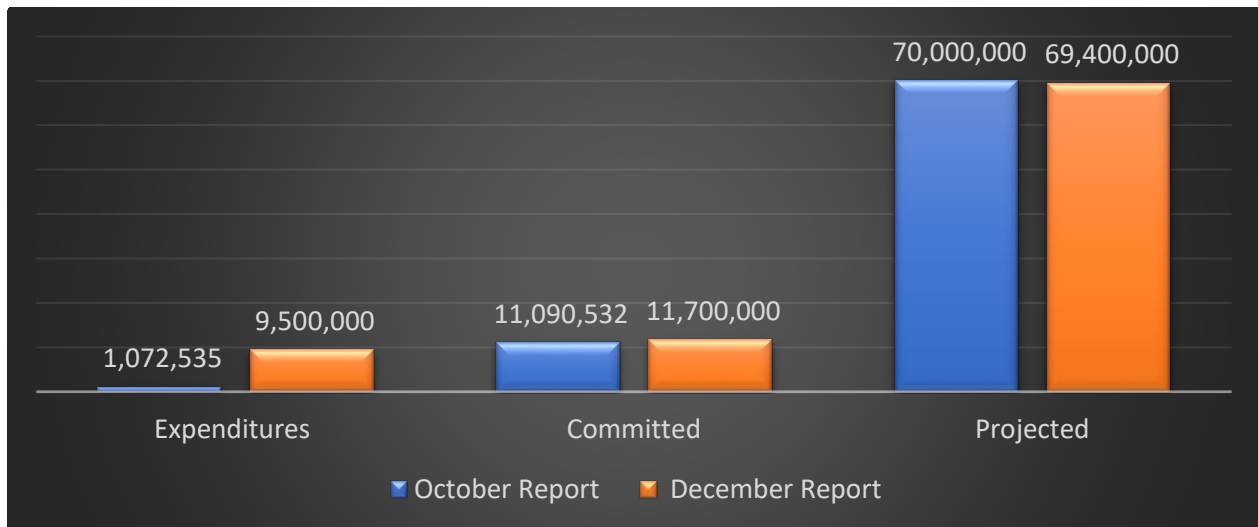
The Chair shared her ongoing concern that the actual expenditures were only \$9.7 million of \$70 million issuance. Barry Oh, Director of Fiscal Services re-assured the committee that the budgeted expenditures are \$69.4 million.

Board Bond Presentations

The CBOC members reviewed Measure BB Board presentations. The Board approved 2 Construction Management firms; Cummings for Phase 1 & 2 and Bernards Brothers for Phase 3 & 4.

The District reported DSA approvals to upgrade fire alarm systems for 11 sites. The purpose for the upgrades was to comply with a change in codes requiring addition of carbon monoxide detectors and voice evacuation systems. The District also reported DSA approval for usage of interim housing.

This chart is presented as illustration for the purpose of the annual report. Although this chart was not shared at the CBOC meeting, the committee reviewed updated bond expenditures and committed bond amounts.



Site improvements

The CBOC members reviewed numerous site improvements using non-bond funds. Non-bond projects completed included exterior painting at 5 school sites, artificial track and field at Workman High School, conference room remodel at District office, flooring at 2 sites, entry doors and gates at 2 sites, roof replacement at 1 site and track resurface at La Puente High School.

Legal Counsel Presentation

Kelley Owens, attorney from F3 Law provided a refresher of the CBOC bylaws and roles & responsibilities. The CBOC members were reminded that the primary reason for the oversight committee is to inform the public concerning the expenditures. This is accomplished in two ways; public meetings with minutes posted on website and the annual report. The attorney validated the CBOC committee has accomplished the core requirements.

Annual Performance Audit Report

The members were provided the annual performance audit report for period ending June 30, 2019. The audit report concluded that there were no instances of non-compliance or other matters that are required to be disclosed. The performance report concluded that the District complied with Measure BB.

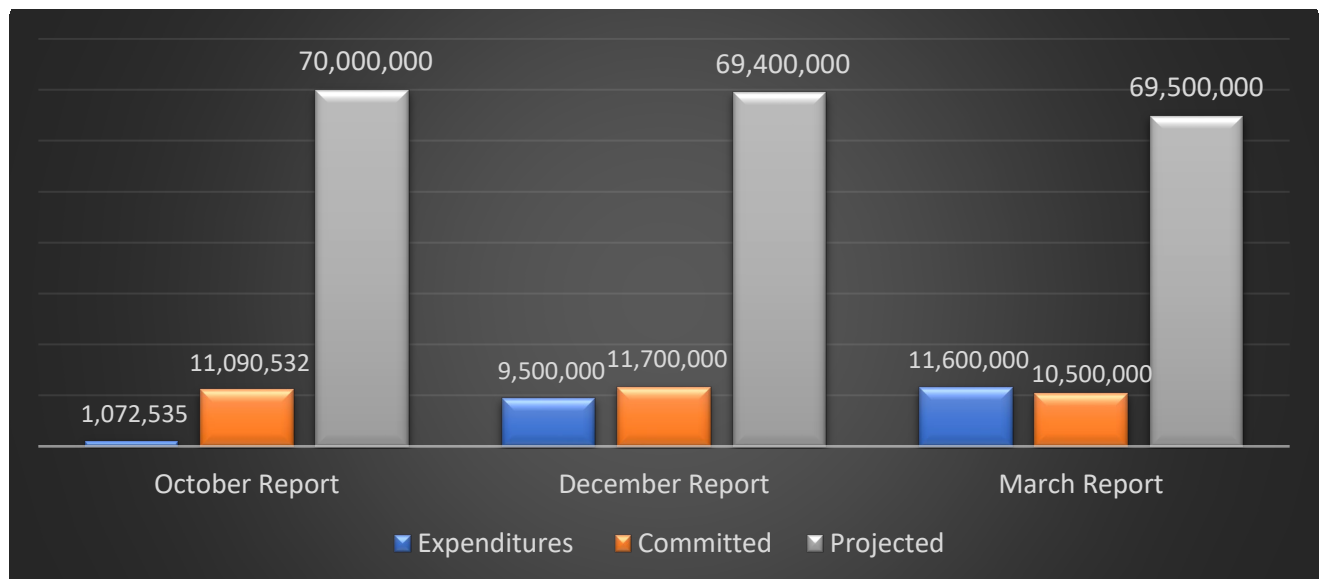
The Chair noted that the cost of issuing \$70 million will cost the district \$53 million in interest. Another member further clarified that the bond measure total cost may be approximately \$250 million (\$148 million measure passed and \$100 million interest).

Wednesday, March 4, 2020 HLPUSD District-La Puente Conference Room, 15959 East Gale Ave, Hacienda Heights, California

Bond Expenditures

The members reviewed a detailed expenditure report which included project sites, descriptions, vendors and the bond fund amounts. The District replied to a question by the Chair, stating that the amount expended and committed represented 32% of the bond issuance. Another member asked the District if the project is running as scheduled.

This chart is presented as illustration for the purpose of the annual report. Although this chart was not shared at the CBOC meeting, the committee reviewed updated bond expenditures and committed bond amounts.



Bond Board Presentations

The members reviewed the bond board presentations. Actual expenditures as of January 17, 2020 included:

- Cost of issuance \$465,750
- Materials & supplies \$8,606,776
- Planning services \$1,700,156.
- Total expenditures through January 2020 was \$11,208,432.

The members reviewed the planned expenditure of \$32 million.

This table is presented as illustration for the purpose of the annual report. Although this table was not shared at the CBOC meeting, the committee reviewed and discussed planned expenditures.

Phase 1 & 2	
Project	Amount
Fire Alarm	\$ 4,167,195
Water Bottle Fillers	\$ 967,400
Project	Amount
Ceiling tiles, (4) lighting projects	\$ 726,586
Furnishing, fixtures, equipment	\$ 3,600,000
Planning-future phases	\$ 6,000,000

Cost savings was discussed regarding lighting and ceiling work.

The members also reviewed site improvements using non-bond funds. The District has spent \$152 million the last 6 years on facility related improvements.

Form 700

The District requires CBOC members to complete the Statement of Economic Interest form, also known as the Form 700. The Form 700 provides transparency and ensures accountability in two ways; providing necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances. It also serves as a reminder to the public official of potential conflicts of interest so the official can abstain from making or participating in governmental decisions that are deemed conflicts of interest.

All CBOC members sign the form 700.

CBOC site visits

The Chair coordinated the site visits for the month of April 2020. The members were scheduled to view the condition of interim housing, visit model classrooms and view other major projects completed. (Subsequently due to COVID-19, the District shutdown school sites and the Committee members did not visit the sites)

Annual Report

The Chair requested members to provide information to include in the annual report. The Chair also expressed her worry regarding the 85% expenditure requirement. It was her primary concern that the District communicate the CBOC's matters with the Board. Other concerns shared by the members included not having enough bond funds to cover planned phases.

Wednesday, June 3, 2020 Zoom Meeting

The District implemented COVID-19 Safety protocols, therefore, the CBOC meeting was conducted via Zoom. The District reported the bond activities were placed on hold for a while so they may focus on dealing with the pandemic.

Bond Expenditures

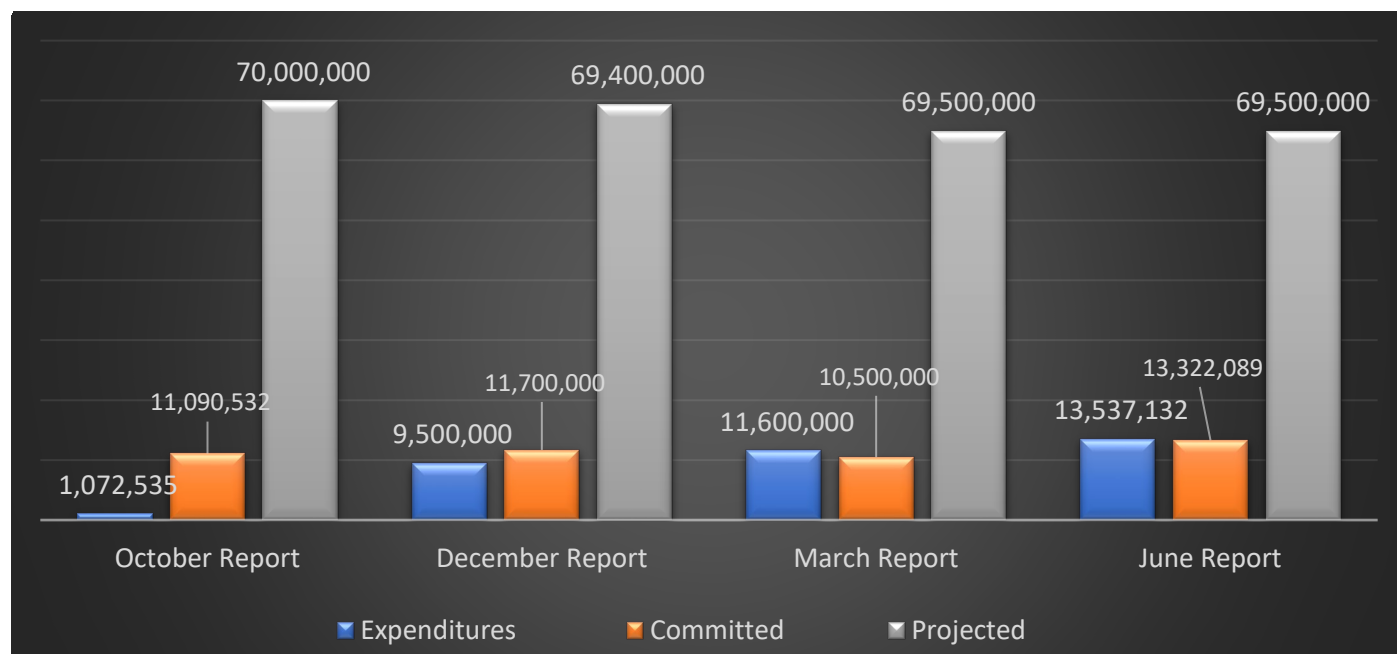
The members reviewed the bond expenditures and commitments through May 26, 2020.

- Total Cost of Issuance (Final) \$ 465,750.00
- Material & Supplies \$ 9,393,476.86
- Other Contracted Services \$ 506,571.67
- Attorney Fees \$ 52,571.44
- Site work & Construction \$ 2,295,272.18
- Architect & Engineering Fees \$ 651,440.59
- Division of the State Architect Fees \$ 133,788.86
- Inspection & Geotechnical Fees \$38,260.50
- Total Expenditures to date \$ 13,537,132.10

Both expended and committed amounts was \$26,859,221. The Chair reminded the District the requirement to have the bond funds spent by June 2020. Barry Oh, Director of Fiscal Services shared that Bond Counsel, Hawkins Delafield, stated there is only a reasonable expectation to spend the money within the three years. There is no IRS three-year requirement to spend the

bond proceeds. (Subsequently, it was clarified that there is a three-year requirement to spend 85% of the funds within three years of bond issuance).

This chart is presented as illustration for the purpose of the annual report. Although this chart was not shared at the CBOC meeting, the committee reviewed updated bond expenditures and committed bond amounts.



The committee discussed and requested the updated bond budget. The District reported that they were working with the Cummings, Construction Manager, to develop a more detailed budget. Bond funds were allocated to pay teachers for their time to move class supplies.

There was discussion regarding CDC recommendations and if there were changes to furniture design guidelines due to social distancing. The District shared they would be looking at implementing CDC safety protocols and considering changes to the type furnishings to be purchased. The original design guidelines included group tables, whereas CDC safety protocols do not recommend group settings.

Bond Project Timeline

Joel, Director of Purchasing and Warehouse shared with the CBOC members the bond project timeline and the delays due to COVID-19. See Attachment B.

Board Bond Presentations

Since there were no Board presentations, the District did not share any information with the CBOC members. The Chair recommended that the District provide an update to CBOC members regardless if presentation was shared with board.

CBOC Site Visits

Due to COVID-19 pandemic there were no site visits conducted. However, the District continued with bond construction projects at the school sites.

2019 CBOC Annual Report

CBOC members were provided access to the 2019 CBOC Annual Report. There was no discussion due to communication issues with Zoom.

2020 CBOC Annual Report

The CBOC members received the 2020 Audit report during the quarterly meeting on March 3, 2021.

PART 2: BOND EXPENDITURES

For the 2019-20 listing of the \$14 million bond expenses that comprise the capital outlay in the audit report is in Attachment C.

MEASURE "BB" GENERAL OBLIGATION BOND BUILDING FUND OF HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in

Fund Balance For the Fiscal Year Ended June 30, 2020

	<u>Measure "BB"</u>
REVENUES	
Other state revenues	\$ 7,720
Interest earnings	1,106,942
Total Revenues	1,114,662
EXPENDITURES	
Current:	
STRS on-behalf	1,032
Capital outlay	14,524,265
Total Expenditures	14,525,297

**MEASURE "BB" GENERAL OBLIGATION BOND BUILDING FUND OF HACIENDA LA PUENTE
UNIFIED SCHOOL DISTRICT**

Balance Sheet

Balance For the Fiscal Year Ended June 30, 2020

	<u>Measure "BB"</u>
ASSETS	
Deposits and investments	\$ 59,784,644
Accounts receivable	179,892
Prepays	<u>6,899</u>
Total Assets	<u><u>\$ 59,971,435</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 1,518,650
Fund Balance	
Restricted for capital projects	<u>58,452,785</u>
Total Liabilities and Fund Balance	<u><u>\$ 59,971,435</u></u>

MEASURE “BB” GENERAL OBLIGATION BONDS

On November 8, 2016, the voters approved the issuance of bonds not to exceed \$148,000,000 for the purpose to financing and renovation, construction and improvement of school facilities as specified in the bond measure provisions of Measure “BB”. The District has issued bonds of \$70,000,000 (Series A) on July 11, 2017.

The outstanding general obligation bonds of the Measure “BB” at June 30, 2020 is \$59,695,000.

The requirements to amortize outstanding general obligation bonds are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020-2021	\$ 1,800,000	\$ 2,594,075	\$ 4,394,075
2021-2022	-	2,558,075	2,558,075
2022-2023	235,000	2,553,375	2,788,375
2023-2024	320,000	2,542,275	2,862,275
2024-2025	415,000	2,527,575	2,942,575
2025-2030	3,765,000	12,187,500	15,952,500
2030-2035	7,660,000	10,871,925	18,531,925
2035-2040	11,830,000	8,877,944	20,707,944
2040-2045	18,485,000	5,219,894	23,704,894
2045-2048	15,185,000	939,100	16,124,100
Total	\$ 59,695,000	\$ 50,871,738	\$ 110,566,738

PART 3: 2020 BOND PROGRESS AND ACHIEVEMENTS

1:1 Technology - Under the Measure BB Bond, 1-1 computer classroom sets were purchased in 2019-2020, approximately 15,000 laptops and laptop carts. Combined with existing laptops from the 2016-2017 2-1 English Language Arts laptop project, provided 1-1 classroom laptop coverage for all students.

Safe drinking water – The District installed 15 water bottle fillers and replaced 15 water fountains at 5 school sites. The purpose is to ensure safe drinking water for the students.

Construction Management Firms – The Board originally approved three construction management firms to assist the District for various projects with two of those firms to specifically assist with Bond projects, Cummings Construction Management to oversee Phase 1 and Phase 2 and Bernards Brothers to oversee Phase 3 and Phase 4. Subsequent to the Board's initial decision they revised that decision and approved all three firms to assist with any type of project including Bond projects. This decision by the Board allows administration optimize the competitive environment as they seek proposals for each phase of construction. The purpose for the bond construction firms is to assist the District staff with completion of the bond projects in a timely manner.

Interim Housing - DSA approved usage of interim housing at the following sites; Mesa Robles and Cedarlane.

The interim housing was to be used as classrooms while the other classes were being modernized.

Fire Alarm Upgrades – 11 school sites received upgrades to the fire alarm systems. The purpose for the fire alarm upgrades was to comply with changes to codes for sound alarm evacuation and addition of carbon monoxide.

Teacher Preparation - Teachers spent time moving and preparing their classes for the modernizations.

Construction – The District safely continued with planned bond projects during the COVID-19 District wide shut-down.

Bond funds expended – The District expended \$14,524,265 in bond funds that are aligned with the projects listed in Measure BB.

District Compliance – The audit report concluded District is in compliance with Measure BB.

PART 4: ANNUAL COMPLIANCE STATEMENT

The District is subject to two annual audits of the bond program which require oversight from the CBOC. The audits are performed by independent professional auditing firms according to published standards and guidelines.

DISTRICT Fiscal Year 2019-20 Financial Bond Audit Report can be found at <https://www.hipschools.org/cboc>. The audit report combines both financial and performance audit.

Prop 39 requires a basic performance audit to determine whether:

- Use of bond funds is restricted to construction, furnishings and equipment.
- Bond funds are spent only on Listed Projects from their ballot measures.

The audit report reflects District compliance.

CBOC COMPLIANCE STATEMENT

The voters of the community who approved the Bond Construction Program have been provided oversight and transparency through CBOC quarterly meetings including this annual report. It is our opinion, based upon the District bond activities and a review of the independent financial and performance audits, that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

With the presentation of this Annual Report, the CBOC members are informing the HLPUSD Board of Education and voters that Measure BB bond expenditures have been properly made and have been utilized for projects consistent with those identified in the Bond Measure.

EXHIBIT "A"

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE
BYLAWS**

Section 1. Committee Established. The Hacienda La Puente Unified School District (the "District") was successful at the election conducted on November 8, 2016 (the "Election"), in obtaining authorization from the District's voters to issue up to \$148,000,000 aggregate principal amount of the District's general obligation bonds, pursuant to a 76.96% vote. 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 now obligated to establish the Oversight Committee to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Hacienda La Puente Unified School District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have independent legal capacity from the District.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support at District expense to the Committee as consistent with the Committee's purposes as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Election are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under the ballot measure. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditures of bond proceeds.

3.2 **Review Expenditures.** The Committee may review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measure; (b) 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, an annual written report which shall include the following:

(a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Superintendent. Either the Board or the Superintendent, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (a) Approval of construction contracts,
- (b) Approval of construction change orders,
- (c) Appropriation of construction funds,
- (d) Handling of all legal matters,
- (e) Approval of construction plans and schedules,
- (f) Approval of Deferred Maintenance Plan, and
- (g) Approval of the sale of bonds.

3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the District has not charged the Committee with responsibility for:

(a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property without bond proceeds shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soil engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) by the Board in its sole discretion and shall report to the Committee on any cost saving techniques considered or adopted by the Board.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry activities set forth in Prop 39 and included herein.

(g) The adoption of a plan for publicizing the activities of the Committee and the determination as to whether a mailer, a newspaper notice or website materials would best suits the distribution of the Committee's findings and recommendations.

(h) The amendment or modification of the Bylaws for the Committee as provided herein, subject to the legal requirements of Prop 39.

(i) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its functions under Prop 39.

Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIIA of the California Constitution.

(b) Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Superintendent.

(c) Review copies of deferred maintenance proposal or plans developed by the District.

(d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

Section 5. Membership.

5.1 Number. The Committee shall consist of a minimum of seven (7) members appointed by the Board from a list of candidates submitting written applications, and based on criteria established by Prop 39, to wit:

- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizen's organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member shall be a parent or guardian of a child enrolled in the District.

- One (1) member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization or school site council.
- Two (2) members of the community at-large appointed by the Board.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age and reside within the District's geographic boundary, in accordance with Government Code Section 1020.

(b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and to complete the Form 700 as required by all "designated employees" of the District. Additionally, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, beginning September, 2016. No member may serve more than three (3) consecutive terms.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) appropriate local groups will be solicited for applications; (b) the Superintendent or Superintendent's designee will review the applications; (c) the Superintendent or Superintendent's designee will make recommendations to the Board.

5.6 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two (2) consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board shall fill any vacancies on the Committee in accordance with the established appointment process.

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

5.8 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District. (b) Individual members of the Committee retain the right to address the Board as an individual.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee is required to meet at least once a year including an annual organizational meeting to be held in October.

6.2 Location. All meetings shall be held within the District.

6.3 **Procedures.** All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional 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.

Section 7. District Support.

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

- (a) preparation of and posting of public notices as required by the *Ralph M. Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;
- (b) provision of a meeting room, including any necessary audio/visual equipment;
- (c) preparation and copies of any documentary meeting materials, such as agendas and reports; and
- (d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.
- (e) retention of all Committee records, including all documents received by the Committee, all reports issued by the Committee, and minutes of the proceeds of the Committee, which shall be public records and shall be made available on an Internet website maintained by the District.

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

7.3 No bond proceeds shall be used to provide District support to the Committee.

Section 8. Reports. In addition to the Annual Report required in Section 3.3, the Committee may report to the Board at least semi-annually in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Superintendent shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent, which positions shall continue for two (2) year terms. No person shall serve as Chair for more than two (2) consecutive terms.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a two-thirds vote of the entire Board.

Section 11. Termination. The Committee shall automatically terminate and disband at the earlier of the date when (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed.

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This following Ethics Policy Statement provides general guidelines for Committee members to perform their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

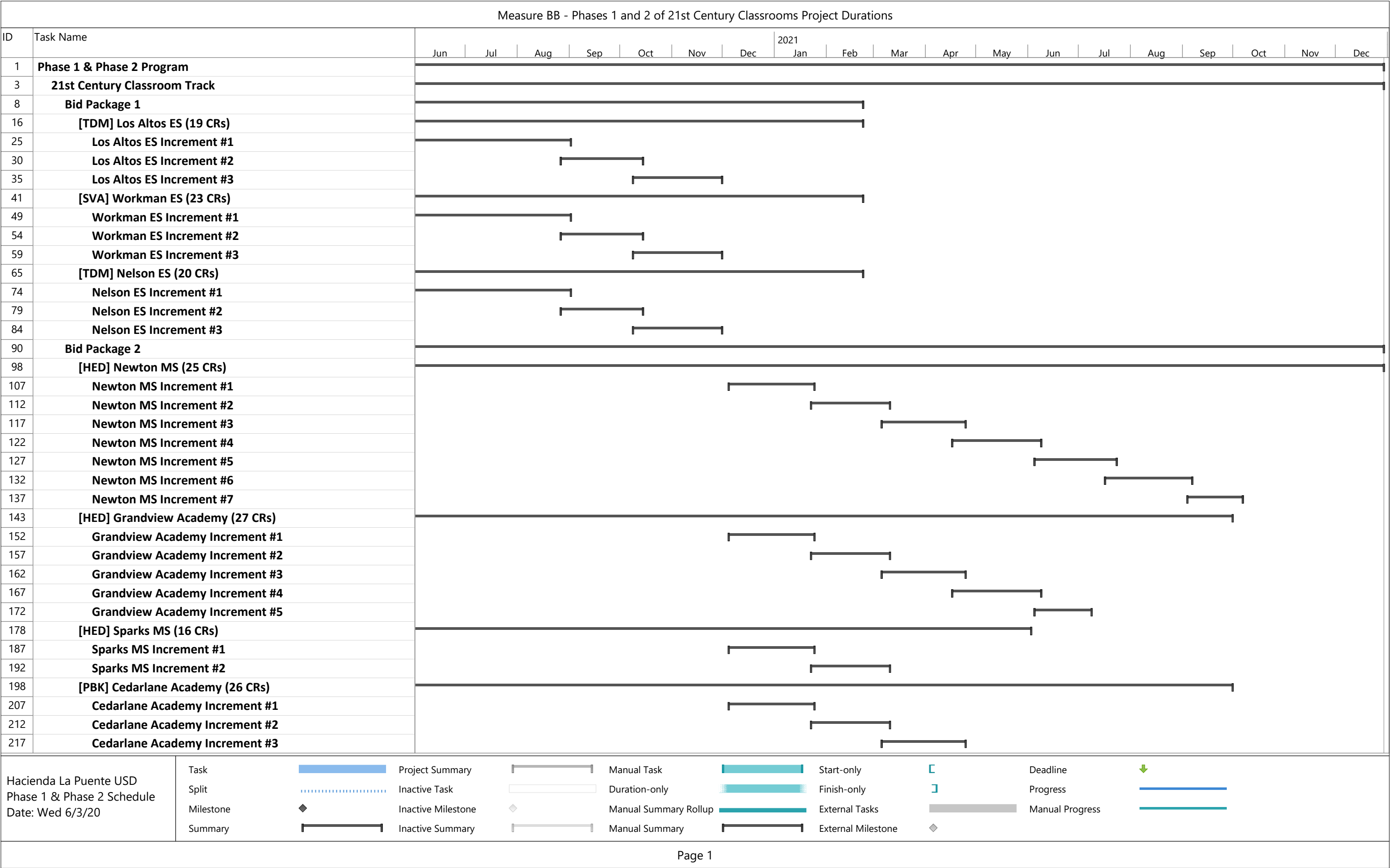
POLICY

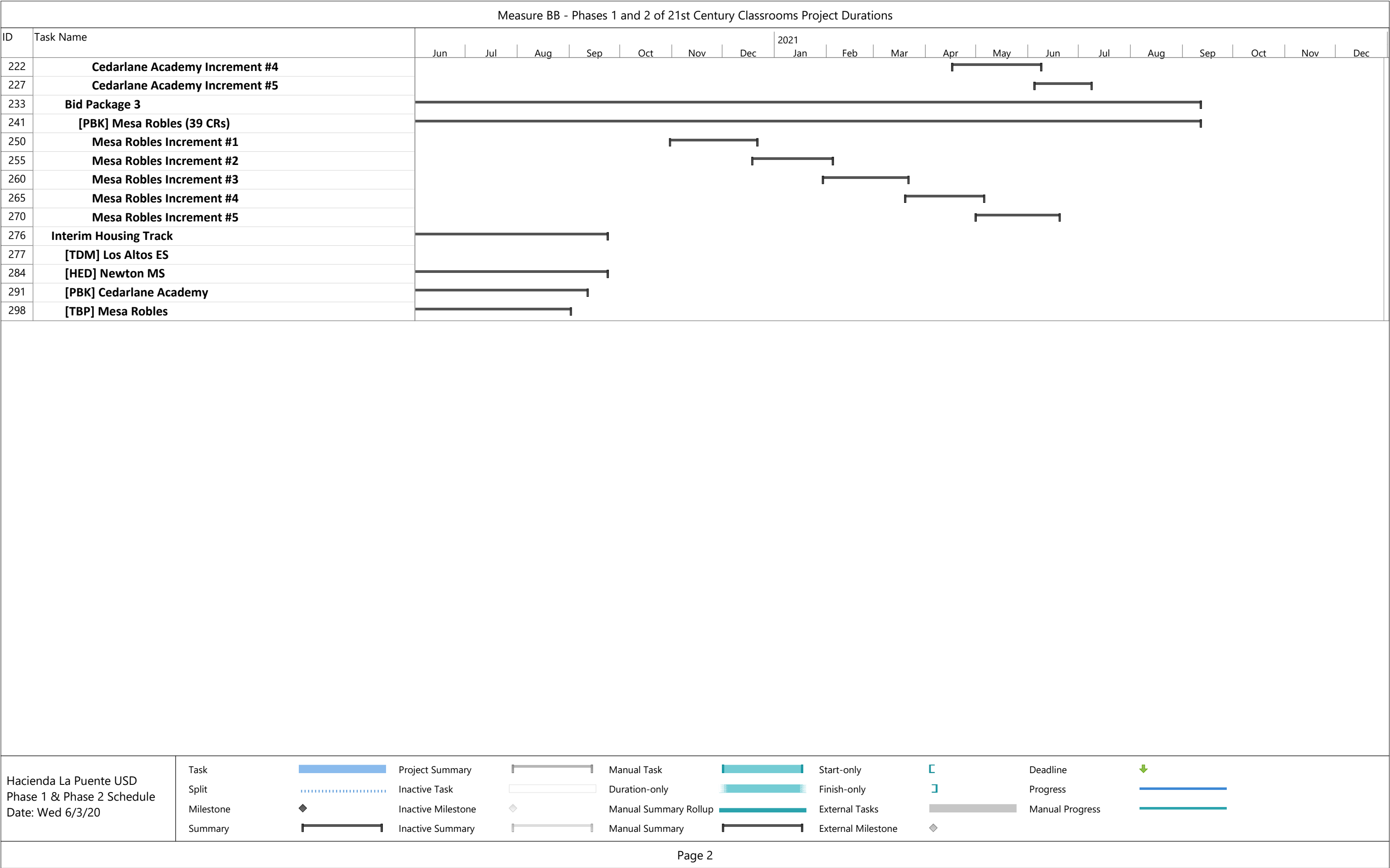
- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds or (2) any construction project which will benefit the committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.
- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.
- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Hacienda La Puente Unified School District;
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interest of the District above any personal or business interest of the member.

The undersigned acknowledges he or she has received a copy of this Ethics Policy Statement, understands the provisions of this policy and agrees to adhere to its requirements.

Date

Member, Oversight Committee





SchoolYear	2019/20
------------	---------

Attachment C

Row Labels	Sum of CompletedAmount
Amar	\$ 137,638.96
Contractor	\$ 25,365.07
FF & E	\$ 92,679.97
Technology	\$ 19,593.92
Baldwin	\$ 323,411.14
Contractor	\$ 29,986.18
DSA Fees	\$ 2,070.00
FF & E	\$ 43,907.51
Technology	\$ 247,447.45
Bixby	\$ 142,376.01
Contractor	\$ 28,196.47
DSA Fees	\$ 870.00
FF & E	\$ 20,720.61
Technology	\$ 92,588.93
California	\$ 180,468.59
Contractor	\$ 22,513.29
DSA Fees	\$ 1,830.00
FF & E	\$ 20,720.61
Technology	\$ 135,404.69
Cedarlane	\$ 878,768.65
CM/PM Management	\$ 81,553.75
Contractor	\$ 103,225.00
Design	\$ 116,725.93
DSA Fees	\$ 25,211.50
DSA Inspection	\$ 6,185.00
Environ Consultant	\$ 800.00
FF & E	\$ 20,720.61
Modular Buildings	\$ 218,488.74
Technology	\$ 305,858.12
Del Valle	\$ 223,886.24
Contractor	\$ 31,652.38
FF & E	\$ 41,441.22
Technology	\$ 150,792.64
District Office	\$ 925,471.25
CM/PM Management	\$ 88,875.00
Contractor	\$ 259,042.40
FF & E	\$ 78,281.12
Issuance costs	
Legal services	\$ 63,492.50
Reprographics	\$ 1,251.62
Technology	\$ 434,528.61
Fairgrove	\$ 492,046.46
DSA Fees	\$ 1,230.00
FF & E	\$ 41,441.21

Technology	\$	449,375.25
Grandview	\$	513,229.12
CM/PM Management	\$	62,533.75
Contractor	\$	97,337.86
Design	\$	42,434.93
DSA Inspection	\$	4,690.00
Environ Consultant	\$	3,750.00
FF & E	\$	30,227.07
Technology	\$	272,255.51
Grazide	\$	214,953.57
Contractor	\$	26,751.81
DSA Fees	\$	960.00
Technology	\$	187,241.76
Kwis	\$	183,120.72
Contractor	\$	25,747.66
FF & E	\$	38,238.17
Technology	\$	119,134.89
La Puente HS	\$	508,018.89
Contractor	\$	2,717.95
Technology	\$	505,300.94
Lassalette	\$	263,830.11
DSA Fees	\$	-
FF & E	\$	20,720.61
Technology	\$	243,109.50
Los Altos ES	\$	876,792.97
Alarm	\$	238.50
CM/PM Management	\$	83,886.25
Contractor	\$	295,964.68
Design	\$	53,860.47
DSA Fees	\$	3,737.50
DSA Inspection	\$	17,610.00
DSA Special Inspection	\$	5,280.50
Environ Consultant	\$	6,275.00
Modular Buildings	\$	236,959.74
Move Management	\$	2,036.70
Reprographics	\$	728.60
Technology	\$	170,215.03
Los Altos HS	\$	794,674.99
Contractor	\$	6,600.00
DSA Fees	\$	5,500.00
Technology	\$	782,574.99
Los Molinos	\$	205,573.19
Contractor	\$	34,108.32
DSA Fees	\$	870.00
FF & E	\$	21,169.42
Technology	\$	149,425.45
Los Robles	\$	97,408.89

Contractor	\$	20,840.81
Technology	\$	76,568.08
Mesa Robles	\$	1,831,674.29
CM/PM Management	\$	91,293.75
Contractor	\$	554,181.20
Design	\$	194,416.45
DSA Fees	\$	36,484.00
DSA Inspection	\$	19,870.00
DSA Special Inspection	\$	7,782.50
Environ Consultant	\$	4,230.00
Modular Buildings	\$	436,977.48
Move Management	\$	1,178.90
Reprographics	\$	1,661.08
Technology	\$	483,598.93
Nelson	\$	969,006.57
CM/PM Management	\$	85,173.75
Contractor	\$	628,233.44
Design	\$	39,771.22
DSA Fees	\$	1,050.00
DSA Inspection	\$	4,410.00
Environ Consultant	\$	2,530.00
FF & E	\$	51,610.83
Move Management	\$	2,036.70
Reprographics	\$	728.60
Technology	\$	153,462.03
Newton	\$	760,288.83
CM/PM Management	\$	68,738.75
Contractor	\$	77,546.76
Design	\$	51,849.79
DSA Fees	\$	4,175.44
DSA Inspection	\$	8,125.00
Modular Buildings	\$	218,488.74
Technology	\$	331,364.35
Orange Grove	\$	208,552.54
Technology	\$	208,552.54
Palm	\$	155,114.13
Contractor	\$	22,069.45
DSA Fees	\$	1,050.00
FF & E	\$	19,119.08
Technology	\$	112,875.60
Palm Canyon	\$	10,368.74
Technology	\$	10,368.74
Sierra Vista	\$	171,066.97
Technology	\$	171,066.97
Sparks ES	\$	218,586.02
Contractor	\$	24,521.59
DSA Fees	\$	930.00

FF & E	\$	20,720.61
Technology	\$	172,413.82
Sparks MS	\$	536,395.85
CM/PM Management	\$	62,708.75
Contractor	\$	144,400.00
Design	\$	36,411.05
DSA Inspection	\$	6,875.00
Environ Consultant	\$	2,950.00
Technology	\$	283,051.05
Stimson	\$	40,862.46
Design	\$	19,750.00
DSA Fees	\$	375.00
Technology	\$	20,737.46
Sunset	\$	151,951.57
Contractor	\$	23,073.60
FF & E	\$	20,720.61
Technology	\$	108,157.36
Temple	\$	156,759.82
Contractor	\$	24,518.64
FF & E	\$	20,720.61
Technology	\$	111,520.57
Valinda	\$	285,319.59
DSA Fees	\$	1,125.00
FF & E	\$	22,185.39
Technology	\$	262,009.20
Valley	\$	87,775.31
DSA Fees	\$	630.00
Technology	\$	87,145.31
Wedgeworth	\$	146,165.50
Technology	\$	146,165.50
Wilson HS	\$	842,995.37
Contractor	\$	167,039.40
DSA Inspection	\$	4,125.00
Technology	\$	671,830.97
Wing Lane	\$	166,844.62
Contractor	\$	35,560.11
FF & E	\$	20,720.61
Technology	\$	110,563.90
Workman ES	\$	319,572.03
CM/PM Management	\$	83,241.25
Contractor	\$	56,205.05
Design	\$	16,064.33
DSA Fees	\$	2,250.00
DSA Inspection	\$	2,940.00
Environ Consultant	\$	10,475.00
FF & E	\$	20,720.61
Move Management	\$	2,055.00

Reprographics	\$	728.60
Technology	\$	124,892.19
Workman HS	\$	499,638.02
Technology	\$	499,638.02
Grand Total	\$	14,520,607.98
Add STRS on Behalf	\$	6,688.00
Remove Prior Year Accrual	\$	(3,029.98)
Total	\$	14,524,266.00