

UNADOPTED MINUTES OF THE REGULAR MEETING
 CITIZENS BOND OVERSIGHT COMMITTEE MEETING
 HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
 JULY 12, 2023

The Regular Citizens Bond Oversight Committee Meeting on July 12, 2023, was called to order by Reina Schmitz at 6:32 pm, In Person/ZOOM meeting of the District Administration building located at 15959 East Gale Avenue, Hacienda Heights, California 91745.

Members present were: Charlie Klinakis, Antonio Ruiz, Philip Kraft, Reina Schmitz;

Members absent were: Rod Gonzales, Gabriela Navar

Item No. 1	<p><u>AGENDA REVIEW AND RE-ORDER</u></p> <p>Moved by Philip Kraft and seconded by Charlie Klinakis for Review and Re-order.</p> <p>4 yes 0 No 0 Abstain</p> <p>Review and Re-order <u>None</u></p>
Item No. 2	<p>Request to speak to agenda (Non-Agenda) Items</p> <p><u>None</u></p>
Item No. 3	<p>Moved by Charlie Klinakis and seconded by Philip Kraft for Approval of minutes from previous meeting – February 1, 2023</p> <p>4 yes 0 No 0 Abstain</p> <p>Review and Change <u>None</u></p>
Item No. 4	<p><u>BOND EXPENDITURES</u></p> <p style="padding-left: 40px;">A. Other Fees & Change Orders – Follow up</p> <p>Reina: So the bond expenditures is there. This is a discussion only. Who's going to do the presentation?</p> <p>Manoj: So we have the slide up on the side and then Earl will quickly go over some of the key elements on this particular expenditure.</p> <p>Reina: Go ahead.</p> <p>Earl: OK, so just a summary of the expenditures since the last time the numbers were presented to the committee, which was April 3rd. So these are as of June 29th, just getting pretty close to the end of the fiscal year. Now there will be some things that happened during the close. So this isn't</p>

necessarily the end of the fiscal year numbers, but, you know, just as far as comparison go from one point of time to the next, we see we had an increase in expenditures of \$2,815,746.99. Which brings our total expenditures, this is cash actually spent to \$47,590,413.67. And we can see at this time we have commitments outstanding of \$10,075,468.98 which as we know sometimes those things come to complete fruition and sometimes they do not. But that brings our total as of June 29th, expended and committed to \$57,665,882.65. And as per usual, the detailed expenditure spreadsheet is on the website right next to this PowerPoint on the CBOC Committee web page, if anyone so chooses to dig down into the details of these numbers. I'd be happy to answer questions if you have any.

Manoj: Want to add a quick summary at this stage, I think our focus should be looking at the site at the site work and the construction. So that's where we are seeing bulk of the expenditures out of \$2.8 million, two million is site work and expenditures as we are wrapping up the phase one and two. The last three schools that are in construction.

Philip: Is the \$2,000,000ish that's there, that's the for the variance on site working construction is that for anything new? Or are we just wrapping up the phase?

Manoj: It's wrapping up. Newton is the one, and Grandview are the ongoing construction. The project in Sparks Middle School is done. It's complete. So it's the phase, last phase of the project. There is, I believe Jessica, you'll go over some of the highlights on the Sparks, but that's about it. So the last phase of the construction.

Reina: But again on the committed amounts, that's always will be on the red because like you said, some bills are being fully paid, the other ones are in the process of being paid.

Manoj: Right.

Reina: And so there's always this unfinished business, rather and maybe on the next meeting it will change the number.

Manoj: That's correct because we are at this point of time, we are not committing anything more other than the new high school, which again Jessica will explain the Measure Bb of the Phase B.

Reina: Thank you. Any questions? We're good? I really appreciate the fact that we received this one. Long, like 6-7 days before our meeting, so it helps us a lot to review it and be able to understand the reasons, especially with the spreadsheet.

Manoj: Yes, the spreadsheet is also posted on our website, so if you want to filter or kind of pivot and stuff those data is available on that.

Reina: Thank you. Thank you for that.

Item No. 5

ISSUANCE OF NEW BONDS

Reina: OK, moving on and then no questions on this. Issuance of new bonds discussions only.

Manoj: So I wanted to update the CBOC Committee. Superintendent and I are working, actually the whole team, finance team, is working on issuance of the remaining \$78 million this Sunday. On Monday, actually, Superintendent and I were up in San Francisco presenting our credit rating to Moody's, which is the credit rating agency. The reason we do the presentation to the credit rating is we can ensure that the bond and the district is rated well above the investment grade that we when we issue the bond, we get a lower interest rate. So we are rated A+ with Moody's and we expect to maintain that. So it was a strong presentation that we did with Moody's and they are going to come up with their rating within the next two weeks. We plan, we are working with our municipal advisor underwriter and the attorneys for the underwriter. Planning to issue the bonds sometime around August or September of this year.

Reina: And that will be based on the rating, the reduction of fees?

Manoj: So the way it works is the interest that the taxpayer pays on the bond is based on the credit rating of the district and the bond. So when the district is rated high or strong with strong fiscal balance and strong fiscal controls, typically the taxpayer rates are lower compared to other districts where the taxpayer will be paying for the same issuance. They might be paying 10 or 20 basis points more. Although that's not very significant from a numerical perspective. For instance, like instead of 4% they will be paying 4.1%, but over the life of the bond for the next 30-40 years, it works out to about \$3 or \$4,000,000. It works out to about \$10 or \$20 more per year for the taxpayer.

Reina: Through the years since the bonds passed and the expenditure and everything else is there an average that this district has?

Manoj: It depends on when we issue to the market, what's the interest rate at that point of time.

Reina: OK.

Manoj: So we will not be able to figure out the interest rate till the bonds are sold. So this will be and we'll update, we will have a screen view we can share with the CBOC Committee. It's very interesting how it works. And I think Mr. Rod Gonzalez works in the same industry, so we will share when it comes the time as to you will see how the order comes in. It's because the investors, large investors, bond investors, invest in our bond.

Reina: Any questions?

Antonio: Well, is there a publicly available copy of the presentation you provided, more or less?

	<p>Manoj: Yes. So we'll share the presentation. So also just a note, we shared a couple of documents that we presented to the Moody's investors. The brochures that we have, the facts at a glance and the facilities project, they were pretty impressed with some of the things that we are doing because they are focusing on how do we retain the school students. What programs do we have? How are fiscal? What are our reserves and stuff like that? So I'll share that presentation.</p> <p>Reina: OK.</p> <p>Manoj: And also when the rating comes up, we'll share the rating to the CBOC Committee, with the CBOC Committee.</p> <p>Reina: What's the timeline of the...?</p> <p>Manoj: So the rating presentation was done. The rating would be coming out in the next two weeks towards the end of this month. The Moody's will come out with their updated ratings for the bond, as well as, for the school district. From that on we will work on what we call the proposal for sale document, which we are already working and the sale will happen sometime in August or late. Or early September.</p> <p>Reina: So the rating of the managing, administrating, spending and running for the bond helps, overall, the district then?</p> <p>Manoj: Yes, of course. So this is think of this is like a credit rating when an individual is trying to borrow for the home mortgage, the banking company or the mortgage company will run a credit on you to find out how you are able to repay your debt. What is the debt to asset ratio? So there are different things. What are the strengths? How stable is your employment? The controls you have on expenditure? So those are some of the elements that they could look into from a broad company perspective? So for school districts, they look into our finance, our enrollment, our program, are we losing students? What are we doing to improve student attendance? Things like that on our fiscal situation and based on that they assess the strength of the districts and they issue a rating for the school district.</p> <p>Reina: Thank you. Thank you for the explanation. Any questions? We go to the next item on the agenda then. Thank you for the explanation. And again it sounds like it's a win win for the district when you have the bond helping their overall of the district.</p>
Item No. 6	<p><u>BOARD BOND PRESENTATIONS</u></p> <p>A. Site Improvements (Information Only)</p> <p>Manoj: So at this point, I'll have Leonard go over quickly. First, the site improvements, this is the non bond expenditures, the things we are doing and then Jessica will go over the bond. We'll do it expediently in light of Mr. Klinakis' commitment.</p> <p>Reina: Yes. Thank you. Appreciate.</p>

Leonard: Good Afternoon, committee members. I'll go over the site facilities project. Next slide please. What you see before you is a list of completed projects that were completed in April, May and June. We have the installation of the signage at several school site who were awarded the Civic Learning Award at Cedarlane. We completed some drainage repairs at Los Altos High School. We completed new carpeting in classroom H8 at Workman High School. Kitchen repairs done on the floor and drains at the Student Service Center. We renovated classroom 12 with the storefront at La Puente High School. The administration office, with a single point of entry at La Puente High School, as well. We added HVAC to the gym and boys and girls locker room. Next slide. This is a continuation of the completed project from school year 22 to 23. Next slide. We want to congratulate the five schools who were awarded the Civic Learning Award. The Civic Learning Award was Co-sponsored by the State Superintendent, Tony Thurman, and California's Chief Justice Superintendent, Chief Justice Patricia Guerrero. The winners are selected based on a panel of experts based on the depth of the breadth of their civic learning classes. So congratulations to Los Altos, Nelson and Sunset Elementary school, Orange Grove Middle School and Sparks middle school. Next slide. At Cedarlane, we did some drainage repair. Apparently when it rained it and it down poured, we had a lot of runoff water. So we installed some more drainage so the water could properly and steadily flow into the streets.

Manoj: So just to highlight, this was a perennial problem at Cedarlane for the last 10 years. We were able to resolve this problem and then we are at this point of time, it's not in the presentation yet, installing turf in front of Cedarlane School as well.

Reina: Thank you.

Leonard: That's an exciting project that we're waiting to present as well. At Los Altos, next slide, as you see, we had some carpet repair in room H8. The before and after pictures. At Wedgeworth Elementary school, you see pictures of our stormwater drain basin. As you know, the stormwater designed to collect and capture the storage of water, rainwater runoff during heavy storms. Just learned also that this is a requirement for all new schools that are being built. So that's exciting to see, it's water conservation, as well. Next. Continuation of what's going on at Wedgeworth new school. Work in progress. At Mesa Robles Elementary, we installed a new asphalt and striping in the Kinder ground area. Looks really nice. At Workman High School Stadium, as you know, we passed the CEQA clearance and working with Joel to get the next phase of the project and that's the bidding process. We're doing roofing across the district at Grazide. We had some repairs that were complete at Lassalette Elementary School. We're at 90% complete at Los Alto High School. We're about 50% complete. Sparks Elementary School, we're at 50% complete. At Stimson, formally known at the YMCA, we're almost 90% complete. And at Valley Alternative we're there at 90% complete. We still have some coding to do as the tar cures for 30 days. At Dibble, the HVAC replacement, we have some units that are in back order and so that's coming up. At Willow Adult School, we have replaced 29 units of HVAC. 4 units were installed in building A and 25 units were installed in

building B. Willow fire alarm, we're waiting on three panels that are on back order. The Dibble school fire alarm system is complete. And the District Fuel station, we're still waiting on a permit process. Projects that are waiting DSA approval. We just got approved for the Kwis baseball field. The next phase is bidding. Bidding the projects and the Center for Performing Arts. We were supposed to start the demolition. We're a little bit set back as Manoj has mentioned earlier. We wanted the bids, bids were due July and we had a presentation on the board the 20th. But we have a site set back. We do have a construction phase and again we're just a couple of months set back on that. And that's all I have to report as far as our facilities upgrades for the maintenance, right. Jessica, turn it over to Jessica, right?

Manoj: I just want to highlight. I just want to share with this particular rain last year and this year we had significant number of roof leaks and we are trying to address the worse roof leaks. So hopefully during this summer we'll be able to cover the most affected.

Reina: So the priority is the worse roof leak?

Manoj: Yes. It will take us three years to get caught up with all the roof repairs, but we have a short window because realistically we cannot do the roof replacement when the students are there, right? That's the challenge.

Reina: Thank you.

B. Presentation from Cumming on Timeline – Sites and Progress

Jessica: OK, next slide please. Just a reminder of where we are working on the current bond projects. Next slide. Newton, I was just putting the next report or the next slideshow together and almost all of these are green now. So you can see that phases one and two are complete, and this summer we were able to kind of implement a recovery plan because we were getting behind with this with the rains and things. So we are nearing completion on phases 3, 4 and 5. Which will leave only phase six left for us once we start school again. Next slide. You can see the tall cabinets that was a result of the feedback from the first schools that we did. They wanted some storage that was permanent, so we gave them these three huge cabinets and then you can see the new furniture has been moved in phases one and two. Next slide. Our little dashboard that says we're on budget and on time. Next slide. Grandview we are also kind of catching up on Grandview as well this summer. We're doing phase three, which will leave only phase four, which is 4 classrooms after school starts again. So that's going to be turned over for the new school year. Next. You see, the furniture has arrived and the finishes are in in progress. Next.

Manoj: One thing if we can, Grandview has a lot of brick facade in the building and one of the desirability was to keep the brick facade even with the modernization. So that's where we had to work around a little bit around with the Grandview projects.

Jessica: Yeah, I mean it's it's been a little bit tricky, but we're getting there. There's the dashboard again, we're back on track and we're in budget. Next

slide. And then Sparks as of next week, we will be done. We have one item that's on back order and that is a window unit that's going in the music room. So the fabrication on that is still kind of lagging from supply chain, but once they receive that they'll install it. Next. You see a new concrete walkways and our dashboard. Same as the others. Next slide please. That's gotta be it. Questions?

Manoj: Thank you. So as you see Sparks Middle School is almost all fully complete except for that window as we said. And Grandview and Newton are on track for September and October. We are also, what Jessica has not mentioned, started our groundwork for the painting and the flooring project for the high schools, the four comprehensive high schools, because we are trying to get by with the modernization without going to DSA. So all the classrooms that are being used will be modernized so far as the wall surfaces and the flooring.

Jessica: So I've made it through La Puente High School with cataloging each of the four walls of each classroom, and now I'm putting together a document that says paint this, free floor that, you know, kind of the scope of putting that construction document. And I've made it to almost through Workman. And I think I have 23 more classrooms to do. So I'm 2/3 of the way done with that one. So those will go out to bid, I'm hoping September. So we'll like, Manoj has said, we're going to start it this year and just follow on through and then I'll keep cataloging all the other two schools and we'll get those out this year too.

Philip: So in terms of the phasing, the next phase high schools and then after that anything less?

Manoj: So we are concurrently working. We said high schools will go ahead and because it does not involve the architects and the DSA. We are going ahead with the architects and the DSA. We are also starting our phase B. Remember the one shot project for all the rest of the schools? For some of the schools that we are certain that we will not reconfigure. Remember that word reconfiguration the board has green lighted the word reconfiguration because we really are have more school properties than we need at this point of time. So the board said it will be inefficient to spend bond dollars on schools which really has either a low enrollment or potentially going to a place where we don't sustain as a school. So we have started the reconfiguration process. We will do concurrent work or we have started the work with the architects for those modernization that we did for the phase one and two schools. For those schools that we are certain that's not going to close or be reconfigured, so that process has started.

Reina: So the population of the students demand is going to retain those schools versus the ones that the enrollment is not going to come. Even if you build it, those are being.

Manoj: So the stakeholders are going to decide primarily. As to which schools because it will involve Community, parents, teachers and staff. But for certain, we know there are some schools which are doing excellent. Like I mean I'll give an example, Baldwin. Baldwin is one of our flagship schools

so that schools we can confidently start working on some of the modernization projects with architect because it takes about 5-6 months. And then the DSA part. So we have started working on some of those schools that we know for certain that's not going to be reconfigured. Lasalette is also a good example.

Reina: You just illustrated what the next question is, so it's always gonna be based on the population and the demand of the students.

Manoj: And the programs also, I would say the programs are very unique in some of the schools.

Reina: Right.

Manoj: So that we'll drive as to which schools we are going to modernize and which we will not touch at some point in time.

Reina: Any questions on this presentation? I want to appreciate all the work that you do because you keep us well informed and we know what's coming next. So if I ever feel like I want to pick your brain on something and learn a little bit more, I'm going to be giving you a call because it's very interesting to know that, you know, we are doing it the right way as a team.

Jessica: It's my pleasure.

Reina: Thank you very much.

Jessica: If I have the answer, I'll share.

Reina: Thank you.

Jessica: Thank you.

Reina: Any questions for anyone?

Antonio: Sorry it shows Sparks Middle School that's going to be completed in June 2023.

Jessica: I mean, we're waiting for those windows.

Manoj: So it's complete.

Jessica: That's the last thing.

Manoj: At this point, we call it complete, but since there is a delay on that one single window, we are not doing the checklist or submitting the completion to this.

Antonio: OK.

Jessica: We're not paying out the retention and we're not paying the last payment, so waiting on that.

	<p>Antonio: That was my next question, so it shows. It shows 17% balance on the budget. Will you use that entire 17% or since we're done.</p> <p>Manoj: So there are some still invoices will come in and then 10% of that is the retention piece that we have. Plus, there are invoices that will come in for the next couple of months. Usually the invoices are delayed. Jessica and her team and our team does the punch list once the punch list is done then the final invoices will come in.</p> <p>Jessica: The contractor has been really conservative about what he's billed for. He hasn't gotten ahead of the work, so as his final payment requests come in, we'll get that final payment and then he'll after that, there's a lien period and then he'll ask for that retention so we're ahead with the work of the money going out. So that's what that lag is.</p> <p>Antonio: Good. Thank you.</p>
Item No. 7	<p><u>CBOC ROLES AND RESPONSIBILITIES</u></p> <p>Reina: Can we keep this one to when we have a larger group?</p> <p>Manoj: Sure. I mean, I'll just share you have on your package this presentation that was done long time back and last time when we brought this item we said we will share the presentation. Couple of things changed. There is also one single, the CBOC bylaws. One single letter from the CDE. Remember, we changed our bylaws so that we can have renewal of the term. So this two together is our total CBOC rules, responsibilities and bylaws. It's also on our website. So go through it. If there are questions, certainly we can discuss on our next meeting.</p> <p>Reina: Thank you.</p> <p>Manoj: When we requested we had a bylaw of seven members, but we said we were having difficulty getting some of the Members. So they said, OK, yes, we can at least operate with six member on the CBOC committee and then the member term, also the three-year member term, they rolled it over for another three year. I'll have to check back on that CBOC on the thing. So let me check back. Yes, I'll get back. To you on that.</p> <p>Reina: So this is great tools to do recruiting ourselves in regards to, you know.</p> <p>Philip: Quite frankly, not our job, it's boards job. The board needs to do their job and get people in here because we have a de facto committee of four because we haven't seen two of our Members for quite some time. So the board needs to do their job and get more members in here. If you could let the board know they essentially have a committee with four people on it. I don't know where Mr. Gonzalez and Miss Navar have been.</p>

	<p>Reina: The Board definitely has that responsibility and the recruiting, the interviews and everything else has been done from day one through them and I totally agree with your comment.</p> <p>Philip: Because I will be frank. My two years is up soon and I'm no longer going to be actively involved in my daughters school because my daughters no longer going here. So that may change things a little bit, but some yeah, board needs to do their job. And get people on this committee.</p> <p>Manoj: Your son is still there, right?</p> <p>Philip: Different school.</p> <p>Manoj: Different school, OK.</p> <p>Reina: Well, we definitely need to get them to start working, especially because we have active members. Anything else on this discussion or we're going to just send a message?</p> <p>Manoj: So at this point of time, review the document and if there are questions or clarifications, we can certainly discuss.</p> <p>Reina: Will do. Thank you.</p>
Item No. 8	<p><u>IDENTIFY POINTS OF DISCUSSION FOR UPCOMING MEETING</u></p> <p>Reina: Before we do this, can I make a motion to elect one of our teams even though we're short of two of our board? I appreciate the trust in me to chair the meeting. But in case I'm not able, for whatever reason, since I'm retired, I would love to have someone within our team to be the Co chair and I'm nominating Mr. Craft to be the Co chair for this team. Would I have someone here to make a motion?</p> <p>Manoj: I think we'll have to agendize it next time if there is an interest, we can bring it as an agenda item for the next meeting.</p> <p>Reina: So you make the motion and to bring it to the next agenda. If anybody's interested. OK.</p> <p>Philip: I think we just need consensus to have it on the agenda for the next meeting. So yeah, I'm fine with that being on the agenda for next meeting,</p> <p>Manoj: OK.</p>
Item No. 9	<p><u>NEXT SCHEDULED MEETING</u></p> <p>10/4/23</p>

Item No. 10	<p data-bbox="451 140 602 176"><u>ADJOURN</u></p> <p data-bbox="451 212 1421 281">Moved by Charlie Klinakis and seconded by Philip Kraft for Adjournment at 7:55 pm.</p> <p data-bbox="451 310 760 346">4 yes 0 No 0 Abstain</p>
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