Chula Vista Elementary School District Independent Citizens Oversight Committee for General Obligation Bond Measures VV and M (CVESD ICOC)

2023-24 Annual Report to the Board of Education

June 12, 2024

Presented by: Heather Rubio, Chair, and members Leticia Munguia and Minnie Tandy

Chula Vista Elementary School District
Independent Citizens Oversight Committee
(CVESD ICOC)

Heather Rubio, Chair
Business Community Representative

- ❑ ***Gloria McKearney***
  Vice Chair, Taxpayers Association Representative
- ❑ ***Diane Deugan***
  Parent Representative
- ❑ ***Jade Bautista***
  Parent Representative
- ❑ ***Nancy Kerwin***
  Senior Citizens Organization Representative
- ❑ ***James Moffat***
  Parent Representative
- ❑ ***Leticia Munguia***
  Community-at-Large Representative
- ❑ ***Minnie A. Tandy***
  Community-at-Large Representative

CVESD ICOC SCOPE

- $150 Million Measure VV approved by voters in November 2018.
  - January 23, 2019, Board of Education adopted resolution adding ICOC oversight of Measure VV to the scope of existing Proposition E ICOC oversight responsibilities.
  - January 23, 2019, Board of Education amended Proposition E ICOC Bylaws and renamed the Proposition E ICOC as the CVESD ICOC.

- $300 Million Measure M approved by voters in March 2020.
  - April 22, 2020, Board of Education adopted resolution adding ICOC oversight of Measure M to the scope of existing CVESD ICOC oversight responsibilities.

CVESD ICOC Reporting Responsibilities

- CVESD ICOC is required to report on compliance with Article XIIIA, Section I(b)(3) of the California Constitution including:

  - That bond funds are expended for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities.

  - That no bond funds are used for any teacher or administrative salaries or other operating expenditures.

  - To report on the review of the annual independent financial audit and review of the annual performance audit.

  - Annual Report to Board of Education.

2023-24 CVESD ICOC Activities

CVESD ICOC Meetings held on:

- **September 6, 2023**
  - ➢Provided an overview of the Independent Citizens Oversight Committee's role and responsibility, including presentation by District Bond Counsel.
  - ➢Discussed Measure VV and Measure M Bond Funding Status.
- **December 6, 2023**
  - ➢Reviewed report on the status of Measure VV and Measure M projects.

2023-24 CVESD ICOC Activities

- **February 28, 2024**
  - Reviewed report on the status of Measure VV and Measure M General Obligation Bond projects.
  - Discussed ICOC Annual Report to CVESD Board.
  - Reviewed and Approved 2022-23 Independent Certified Public Accountant (CPA) Proposition M and Measure VV Financial and Performance Audits.
    - Unmodified Opinion from independent CPA.
    - No finding or questioned costs

- **May 8, 2024**
  - CVESD ICOC members participated in construction site walk of the Maxwell Transportation Center.
  - Reviewed 2023-24 CVESD ICOC Annual Report to CVESD Board.
  - Discussed status of Measure VV and Measure M General Obligation Bond projects.

Projected Schedule of Issuances

2018 Measure VV $150M

Series	Year	Principal
Series A [1]	2023	$100,000.000
Series B [4]	2026	$50,000,000
Total		$150,000,000

2020 Measure M $300M

Series	Year	Principal
Series A [2]	2020	$50,000.000
Series B [3]	2023	$62,500,000
Series C [4]	2026	$62,500,000
Series D [4]	2029	$62,500,000
Series E [4]	2032	$62,500,000
Total		$300,000,000

[1] Measure VV Series A issuance was used to pay the $60M 2019 GO Bond Anticipation Notes issued in August 2019 and closed on July 13 , 2024. Remaining Series A funds will be used for additional District projects.
[2] Measure M Series A was issued in August 2020.
[3] Measure M Series B closed on July 13, 2024.
[4] Dale Scott and Company financial advisor estimated issuance amounts and dates subject to change based on District assessed property tax valuation and needs.

Measure VV Ballot Proposition

November 6, 2018

- ***To make school safety, security, technology and energy efficiency improvements; repair, construct, acquire and equip classrooms and educational facilities and reduce overcrowding; replace aging plumbing, sewer and electrical systems.***
- ***Issue $150 million of bonds with legal interest rates, annual audits, independent citizens' oversight.***
- ***All funds spent locally and no money used for administrative salaries or taken by the State and spent elsewhere.***

- ❑ **Required: 55.00% voter approval.**
  Received: 67.75% voter approval.
- ❑ **25-year amortization.**
- ❑ **No Capital Appreciation Bonds (CABs).**
- ❑ **Extend, but not increase current tax rates of 1998 Proposition JJ of $20 per $100,000 assessed valuation.**

$150M 2018 Measure VV Summary
$60M G.O. Bond Anticipation Note (issued August 2019)
Total Sources and Uses of Funds (Updated 4-30-2024)

Sources of Funds	Amount
G.O. Bond Anticipation Notes (issued August 2019) ($59,998,285.10 Less $194,974 Costs of Issuance)	$59,803,311
E-Rate Discount	349,337
Interest Income	1,713,454
School Facilities Program Reimbursement [3]	1,074,283
Total – Sources of Funds	**$62,940,385**

Uses of Funds	Amount
Completed	
Sunnyside Modernization (Summer 2019) [1]	$6,263,407
LED Energy Efficient Lighting Retrofit (2019-20)	4,092,378
Fire Alarm Replacement (2019-20 and 2020-21)	955,331
Network Equipment (2019-20, 2022-23)	573,008
Feaster Modernization (Summer 2020) [1]	22,108,566
HVAC, Roofing Replacement and Asbestos Abatement (Phase 1 – 3) 12 school sites (2020-21 and 2021-22)	9,347,945
Subtotal - Completed	**$43,340,635**
Projects In Progress/Planning Process	
Maxwell Transportation Center (2021-22, 2022-23 and 2023-24) [2]	$16,618,000
Security System / Low Voltage Cabling [4]	2,981,750
Subtotal – Projects in Progress/Planning Process	**$19,599,750**
Total – Estimated Uses of Funds	**$62,940,385**

[1] Sunnyside and Feaster were partially funded by Proposition E.
[2] Board approval on May 24, 2023.
[3] In March 2023, $1 million was received from the Office of Public School Construction as partial reimbursement for the Sunnyside modernization.
[4] Estimated cost. Under review by District staff. Subject to change based on District needs.

Note: $90M Proposition E (2012) was fully expended by 6/30/2020 and was used to Modernize 11 schools (including partial funding for Sunnyside and Feaster modernization) from 2014 through 2020.

$150M 2018 Measure VV Summary
$100M G.O. Bond Series A (issued July 2023)
Total Sources and Uses of Funds (Updated 4-30-2024)

Sources of Funds	Amount
G.O. Bond Anticipation Notes (issued July 2023) [1] ($103,829,210.61 Less $378,481.40 Costs of Issuance)	$103,450,729
Total – Sources of Funds	**$103,450,729**

Uses of Funds	Amount
Completed	
2019 BAN Repayment (including accrued interest)	$63,830,000
Subtotal - Completed	**$63,830,000**
Projects In Progress/Planning Process	
HVAC Replacement and Roof replacement (Phase 8) 1 school site [2]	$7,166,402
HVAC Replacement [3]	8,148,179
Roofing Replacement [3]	5,939,083
Fire Alarm Replacement [3]	4,805,319
Electrical Upgrades [3]	975,000
Security Alarm Replacement [3]	2,727,114
Floor Covering [3]	3,935,974
Relocatable Replacements [3]	4,578,592
Subtotal – Projects in Progress/Planning Process	**$39,620,729**
Total – Estimated Uses of Funds	**$103,450,729**

[1] $63.8 M of the $100M Ser A bond issuance was used to repay Bond Anticipation Note issued in August 2019.
[2] Revised Estimate for Phase 8 HVAC and Roof renovation project at Tiffany.
[3] Estimated cost. Under review by District staff. Subject to change based on District needs.

Measure M Ballot Proposition

March 3, 2020

- ***To make repair and upgrade educational facilities and classrooms throughout the Chula Vista Elementary School District. Also includes District-wide solar installation and staff housing projects.***
- ***Issue $300 million of general obligation bonds with legal interest rates, annual audits, independent citizens' oversight.***
- ***All funds spent locally, and no money used for administrative salaries or taken by the State and spent elsewhere.***

- ❑ **Required: 55.00% voter approval.**
  Received: 55.42% voter approval.
- ❑ **not exceeding 25-year amortization.**
- ❑ **No Capital Appreciation Bonds (CABs).**
- ❑ **Measure M property tax rate will not exceed $30 per $100,000 assessed valuation.**

$300M 2020 Measure M Summary
$50M G.O. Bond Series A (issued August 2020)
Total Sources and Uses of Funds (updated 4-30-2024)

Sources of Funds	Amount
Series A Issuance (August 2020) ($50,000,000 less $200,000 Cost of Issuance)	$49,800,000
Interest Income	949,302
Total – Sources of Funds	**$50,749,302**

Uses of Funds	Amount
Completed	
Irrigation Controls for Water Efficiency (2021-22)	$34,905
HVAC Replacement Phase 4 (5 school sites) [1] (2020-21 and 2021-22)	4,835,913
HVAC Replacement Phase 5 (2 school site) [2] (2021-22 and 2022-23)	1,796,688
HVAC Replacement Phase 6 (10 Site) [2] (2021-22 and 2022-23)	1,785,610
Subtotal - Completed	**$8,453,116**
Projects In Progress/Planning Process	
Districtwide Solar Project (2020-21, 2021-22, 2022-23,2023-24)(46 school sites, ESSC and District Transportation Center)	$34,082,415
HVAC Replacement Phase 7 (1 school sites) [3] (2023-24)	869,856
HVAC Replacement and Roof replacement Phase 8 (1 school site) [4]	7,343,915
Subtotal – Projects in Progress/Planning Process	**$42,296,186**
Total – Estimated Uses of Funds	**$50,749,302**

[1] Phase 4 total contracted cost of $5,707,000 includes work partially funded by Measure VV. Phase 4 sites were Arroyo Vista, CVLCC, Cook, Marshall and Rogers.
[2] Phase 5 and 6 notice of completion was approved by the board on the May 24, 2023 Board Meeting.
[3] Phase 7 was approved by the Board on July 12, 2023. Phase 7 are HVAC units and roof replacement at CVLCC.
[4] Revised Estimate for Phase 8 HVAC and Roof renovation project at Valle Lindo.

$300M 2020 Measure M Summary
$62.5M G.O. Bond Series B (issued July 2023)
Total Sources and Uses of Funds (updated 4-30-2024)

Sources of Funds	Amount
Series B Issuance (July 2023) ($62,500,000 less $287,342 Cost of Issuance)	$62,212,658
Total – Sources of Funds	**$62,212,658**

Uses of Funds	Amount
Projects In Planning Process	
HVAC Replacement [1]	$6,865,437
Field, Artificial Turf [1]	4,394,415
Staff Housing [1]	30,000,000
Roofing Replacement [1]	6,333,990
Paving and Seal Coat [1]	2,261,616
Relocatable Replacement [1]	12,357,200
Subtotal – Projects in Planning Process	**$62,212,658**
Total – Estimated Uses of Funds	**$62,212,658**

[1] Estimated cost. Under review by District staff and subject to change. Subject to change based on District needs.

Maxwell Transportation Center



Maxwell Transportation Center



Maxwell Transportation Center Construction Site Walk



Transportation Center Parking Solar Shade Structure



Clear View Playground Solar Panel Shade Structure



Harborside Parking Solar Shade Structure



2022-23 Independent Performance and Financial Audit – Measure VV and Measure M

- Performed by Wilkinson Hadley King & Co. LLP, CPAs.
- Financial audit
  - Unmodified (clean) opinion with no audit findings.
- Performance audit
  - Complied with Proposition 39 requirements (CA Constitution XIIIA) and Measure VV and Measure M Ballot Measure.
  - CVESD ICOC found compliant with Education Code Sections 15278 through 15282.
- 2022-23 Audit report reviewed and approved by CVESD ICOC on February 28, 2024.

Compliance with Article XIIIA, Section I(b)(3) of the California Constitution

Based on review of information provided by the District and independent auditor to the CVESD ICOC, and its inspections of projects to date, the CVESD ICOC concludes that expenditures of the CVESD Bond Building Fund (Measure VV and Measure M) have been in compliance with the requirements of Section Article XIIIA, Section I(b)(3) of the California Constitution. Specifically :

- that Bond funds have been expended for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities. That no Bond funds have been used for any teacher or administrative salaries or other operating expenditures; and

- that the CVESD ICOC has reviewed the annual Independent Performance Audit and annual Financial Audit.

Thank you!

Questions? Comments?