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Date: April 21, 2026

To: Sumner-Bonney Lake School Board of Directors

From: SBLSD Bond Oversight Committee

Re: 2025-2026 Annual Report

In accordance with Procedure 4110P, this report is submitted to fulfill the requirement that an advisory committee provide periodic progress updates to the Board of Directors. As outlined in the procedure, interim reports, as well as any final findings and recommendations, become matters of public record upon their presentation at a public Board meeting.

I. Introduction and Executive Summary

A. Background:

In November 2024, the Sumner-Bonney Lake School District (SBLSD or District) placed Proposition 1 on the ballot. This \$732 million bond measure aimed to address the District's overcapacity and aging schools. Informed by a community-based Capital Facilities Advisory Committee, the District's bond request included projects that would reduce extreme overcrowding in many District schools, through expansion of the Bonney Lake High School, finishing the Sumner High School Master plan and building a new middle school in Tehaleh. Five of the District's elementary schools would see improvements under the bond measure and many athletic fields would be upgraded to multi-use synthetic turf.

The SBLSD community voted to approve Proposition 1 and the District immediately launched into planning for multiple construction projects, sold the first bonds to fund the priority projects, and proceeded to hire design and construction firms. In accordance with a recommendation made by the Capital Facilities Task Force, the School Board also approved convening a community-based Bond Oversight Committee (BOC, Committee), to provide transparency and accountability regarding the use of the bond funds and progress of the construction projects.

OUR PROMISE: We will know, value, and support every student, helping them graduate ready to pursue a promising future.

This first annual report from the Bond Oversight Committee is intended to shine a light on the establishment of the Committee, its organization and operations, and what it has observed, reviewed, and learned through its first year of work. The reporting period is from March 1, 2025 to February 28, 2026. Working cooperatively with the District Project Team, the Committee has dug into the District's procurement processes for hiring architects, design firms, and other consultants; the overarching timeline and sequencing for all the projects included in the 2024 Construction Bond; how the District Project Team is tracking and reporting overall and project-specific budgeting; and what risks and opportunities the District faces with this multi-year, multi-million dollar, multi-project endeavor.

The BOC hopes this report informs community members and School Board members about the BOC's expertise, diligence, and practices. Most of all, the BOC intends this report to help build confidence in both the BOC's oversight work and its year-end findings and the work of the District in this first year of managing the 2024 Construction Bond projects.

B. Executive Summary:

The District's \$732 million 2024 Construction Bond Program is actively advancing across all planned projects. Major initiatives include:

- Sumner High School Replacement – GC/CM selected; Phase 2 permitting underway (Completion: Fall 2032)
- Bonney Lake High School Addition & Intersection Improvements – GC/CM selected; permits submitted (Intersection: Spring 2027, Classrooms: Fall 2028)
- New Middle School in Tehaleh – Currently in design (Opening: Fall 2029)
- Elementary School Improvements – Multiple projects in design or permitting, including Daffodil Valley (Fall 2026), Donald Eismann (Fall 2026), Liberty Ridge (Fall 2027), Crestwood (Fall 2027), and Tehaleh Heights (Late Summer 2028)
- Energy Efficiency Improvements – District-wide LED lighting conversion scheduled through Fall 2029

C. Overall Project Status

The Bond Program remains aligned with the adopted Master Schedule. Nearly all projects are under design contract, with design progressing, permits submitted or secured, and procurement processes running smoothly. While minor schedule adjustments have occurred on a small number of projects, all remain on track to begin construction as planned.

D. Financial Health

- Total Bond Authorization: \$732,000,000
- Bonds Sold to Date: \$175,164,484 (24% of authorization)
- Funds Expended to Date: \$9,147,071 (as of January 31, 2026)
- Contingency Funds Used: \$0

The Bond Oversight Committee finds that bond funds are being expended appropriately and in compliance with voter authorization. The District has demonstrated strong financial controls and proactive risk management strategies to address inflationary pressures, tariff impacts, and potential labor and material cost volatility.

E. Conclusion

Based on its review, the Bond Oversight Committee affirms that the District is managing this large and complex capital program with strong oversight, fiscal discipline, schedule accountability, and transparent communication practices.

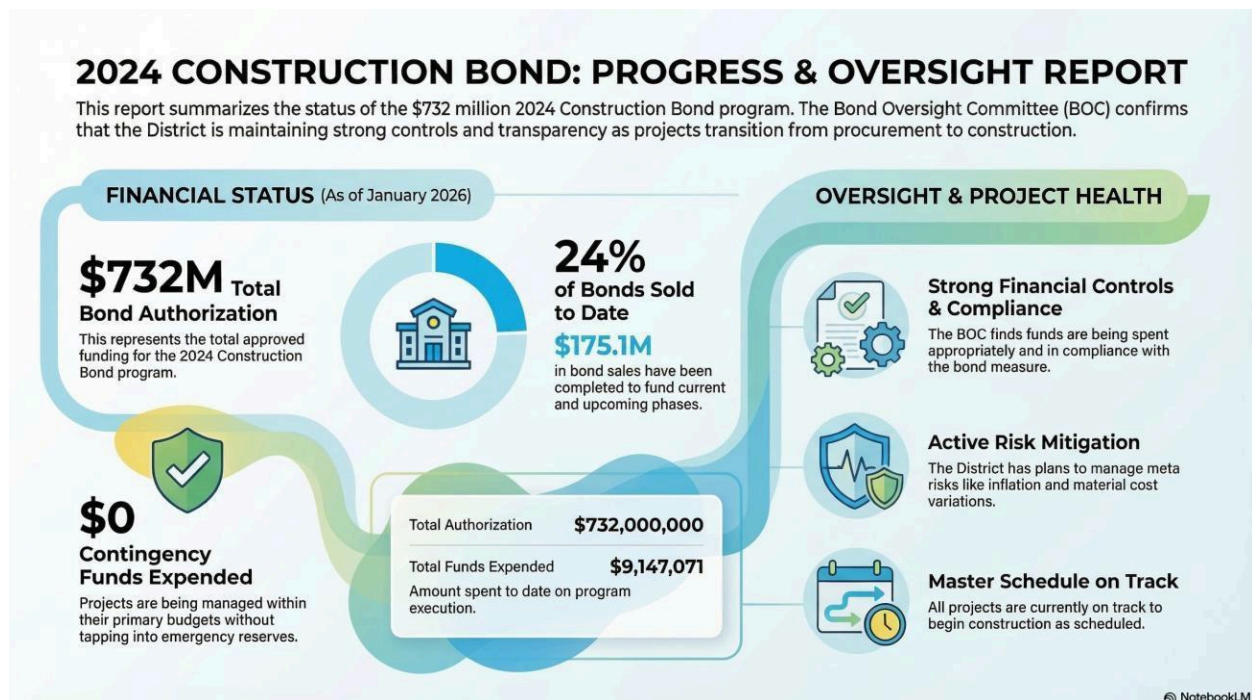


Figure 1 - 2024 Bond: Progress & Oversight Report

II. Bond Oversight Committee (BOC, Committee) Makeup and Activities

A. Brief Discussion of How Committee Was Constituted

Following voter approval of the 2024 Construction Bond, the District publicly announced the opportunity to serve on the Bond Oversight Committee and invited community members to apply. Applications were reviewed by representatives of the Superintendent to assemble a balanced committee that reflects expertise in finance, construction, business, and community perspective, while also meeting eligibility requirements related to residency, independence, and conflict-of-interest standards. Committee appointments were approved by the Superintendent.

The Bond Oversight Committee operates as an administrative advisory body reporting to the Superintendent and working closely with the District Project Team. The Committee meets at least quarterly according to a published schedule and receives access to relevant reports and project information. While no site visits were conducted in this reporting period, due to no on-the-ground construction activities occurring yet, it will conduct periodic site visits in the future to support its oversight role. While the Committee holds no decision-making authority, it provides recommendations and will publish this annual report to the community and the School Board, reinforcing the District's commitment to transparency, fiscal responsibility, and public trust throughout the life of the Bond Program.

The BOC's Mission is: To ensure bond expenditures are used for the voter-approved projects, on time, and within budget, promoting transparency and accountability.

The Charge from the District to the BOC is: The District desires an ongoing, independent review of the major projects approved by the voters on the November 5, 2024 ballot. The BOC will meet at least quarterly and will provide an annual progress report to the community and the District Board of Directors. Reports will be published on the District website for public viewing. The BOC's scope will include:

- Reviewing the process to solicit, qualify and select general contractors, architects, consultants, and vendors for major projects.
- Reviewing financial statements, project scope, construction documents, and bid solicitations.
- Periodically inspecting school facilities and sites to assist the BOC's
- project review.
- Make recommendations to the Superintendent on procedures, as may be appropriate, to assist in enhancing accountability for use of Bond dollars.
- Assist the District in communications with the public to ensure the goals of transparency and accountability in the implementation of the 2024 Bond Projects are delivered.

The BOC's mission and detailed charge from the School Board are included in a [Charter](#) that codifies how the Committee will operate, how it will work cooperatively with the District Project Team, and the responsibilities of each of the parties (BOC, District Project Team, and BOC facilitator).

B. Committee Membership:

Organization/Entity/Interest	Name
Construction/architect/engineering/planning	Eric Pilcher
Construction/architect/engineering/planning	James Lawrence
Business Organization	Wilbur Clark
Owns/operates/senior leadership	Randy Kroum
Finance/accounting fields, financial	Justin Evans
Finance/accounting fields, financial	Bill Davis
Parent	Jenn Dery
Parent	Tamara Stramel
Capital Facility Advisory Committee	Derrek Barry
Capital Facility Advisory Committee	Penny Kreil
Capital Facility Advisory Committee	Tiffany Binkowski
Capital Facility Advisory Committee	Neil Symes

Table 1 - Committee Membership



C. 2025 Meeting Schedule and Focus:

The BOC met four times in its first year of operations, in March, June and September of 2025 and January 2026. Meetings were held at the District's Administrative Offices in Sumner, on Monday nights, from 5:00 – 7:00 p.m. The District provides a meal for the members to accommodate the over-the-dinner-hour meeting time. This allows members to come directly to the meeting from their daily activities.

All meeting materials from BOC meetings are posted on the District's website under the [Construction](#) section. This includes meeting agendas, presentations made to the Committee, and all documents provided to the Committee.

The BOC reviews the following information provided by the District Project Team at every meeting.

- Project budget status including all contingencies
- Project design/construction schedules
- Architectural drawings for each project
- 2024 Bond Projects combined projects budget and cash flow
- Reports on 2024 Bond Program risks and opportunities

March 24, 2025:

Primary Focus: Review of 2024 Bond projects and finances, initial review of the 2025 construction schedule and status update on contractor procurement for Phase 1/2 projects. Agree on guidelines for future meetings.

At its first meeting, the BOC met the District Project Team, became acquainted with each other, and reviewed a draft charter that covered roles and responsibilities of all parties, expectations for delivery of informational materials to the BOC, conflicts of interest requirements, and agreements on how all parties will function and behave during meetings.

The Project Team provided a detailed briefing on the sequencing of all the 2024 Bond Projects in the Project Plan. They reviewed the Master Bond Project Schedule and gave an overview of what the priority projects' anticipated schedules and budgets were.

June 2025 Meeting:

Primary Focus: Detailed review of Quarter One expenditures, project contractor procurement, and 2024 Bond projects progress. Finalize BOC charter.

At the June meeting, the Committee finished up with its charter, ensuring it covered expectations of all parties, the scope of the Committee's work, a mutually developed definition of oversight as it applies to the BOC, and that the Charter outlined an acceptable path forward for the Committee to do its work. Following on the approval of the BOC Charter, the District Project Team (DPT) laid out a proposed consistent approach to be followed for all BOC meetings. At each meeting, the DPT will provide a general status of the 2024 Bond Projects. This will include overall budget and schedule, general information about the program, and a review of existing and new program challenges and opportunities and how the District is meeting them.

In the general information section, the BOC learned the District had completed

the first Bond sale, in the amount of \$175,164,484. They also got a general overview of the process the District uses to select consultants, depending on the value of the contract. Regarding risks and opportunities, the DPT shared potential concerns about the general economy and the uncertainties associated with inflation and federal tariffs. An opportunity the DPT introduced was about the potential for using an alternate contracting method called General Contractor/Construction Management. This is an opportunity to use a contracting method, if approved by the State Superintendent of Public Instruction, that brings on construction contractors earlier in the process, so designers and contractors can work together to avoid challenges that can arise when complex designs are difficult to construct. The contracting method, typically used on large, complicated projects, has an application process the District must complete. The District is exploring the potential for using this GC/CM method on the Sumner High School, Bonney Lake High School, and the new middle school at Tehaleh projects.

Committee members asked a number of questions about the potential risks and opportunities, including about the GC/CM process, how the District decides which projects to consider for GC/CM, how different contingencies were calculated in project budgets, etc. Another opportunity shared was an offer from the City of Sumner for the District to consider purchasing the Bill Heath Sports Complex. This could give the District an opportunity to have baseball and fast pitch softball dedicated in one area. Early discussions are ongoing.

In the specific project updates, the DPT shared status of each project including consultant procurement, progress on education specifications for the projects where needed, spending to date, and schedule status.

The Committee provided feedback to the DPT about what information they would like to receive in future meetings, including a timeline that tracks how each project's budget is spent against the project schedule. At the conclusion of the meeting, the BOC recapped the key outcomes of the meeting as: learning that two projects had kicked off, all projects were on schedule and budget, approval of their charter, and learning that contract methodologies can vary on different projects.

September 2025 Meeting:

Primary Focus: Deeper examination and discussion of General Contractor/Construction Management (GC/CM) procurement method, process for state approval to use GC/CM and rationale for use, detailed review of 2024 Bond projects status, schedule and budget expenditures, and responses to BOC's request for additional information. Review of the initial outline for BOC annual report to the School Board and the community.

Using the agreed-upon format, the BOC heard an update on general information regarding the 2024 Bond Projects. In the GC/CM procurement discussion, the BOC learned the District must interview with the state for each of the three

proposed GC/CM projects – Sumner High School, Bonney Lake High School and the new middle school at Tehaleh. The BOC was invited to have one member attend each interview as an observer. Risks and opportunities continue to be reported – the economy, due in some part to shifting tariff decisions, continues to provide uncertainty. The DPT informed the BOC that discussions about the District purchasing the Bill Heath Sports Complex had been tabled due to numerous conditions involved in the potential sale.

In the project-specific portion of the meeting, updated concepts for several projects were shared with the BOC. The BOC also learned about a state-mandated process of value engineering (VE) that was conducted for the Sumner High School project. The BOC learned that VE is a process where a neutral engineering team looks over plans and specifications with the intent of finding ways to reduce costs. The School Board has the option to accept or reject the VE team's recommendations. All projects were reported as being on budget and still anticipated to break ground within the scheduled time.

The BOC asked a number of questions about VE, learning there was no risk of the District losing state funding if they didn't take the recommendations of the VE team. The BOC also questioned if there were concerns about the capacity of contractors that were on more than one project and learned that is why the District spread many of the projects around to mostly different contractors, to avoid that potential risk. Another BOC question was if portables at Tehaleh Heights Elementary would be removed after the expansion is complete. The District reported they will not be removed until there is absolute certainty they won't be needed. They will eventually be removed.

The BOC was presented with a draft outline of the first annual report to the School Board and the community, due early in 2026. Suggestions on the outline included adding a discussion of what bonds cover and don't cover; adding a schedule summary of each project's opening day / school year; organizing the report by project; and including information about risks. The BOC will review a more fully developed outline, based on their feedback, at their next meeting.

The BOC agreed key messages from this meeting included projects are on track and on budget, project design teams have been selected for all but one of the projects, the GC/CM process is proceeding, the BOC is getting more detail than they expected and appreciates the transparency, and seeing lots of new drawings helped them see things developing.

January 2026 Meeting:

Primary Focus: Overview of GC/CM approval process and contractor procurement, detailed review of 2024 Bond projects status, schedule and budget expenditures, and review and approval of a detailed outline of the BOC annual report to the School Board and the community. At this meeting, during the general information section, the BOC learned about a new risk the District is

watching – regarding the timing of permit processes.

There are multiple jurisdictions with differing permits and permit processes. Within these jurisdictions, the District has little control over how quickly or slowly the process will proceed. The DPT does meet with jurisdictional staff ahead of permit submissions to ensure all requirements and sequences are understood. This also allows jurisdictions to anticipate when permit requests will be submitted and potentially prepare for the associated permit review workload demands. The DPT also shared that the GC/CM process requires proactive outreach to local, small and minority/women-owned businesses to encourage participation in the procurement process and this is an opportunity for additional employment opportunities in the local area. The District is pursuing early bid packages for projects, or parts of projects, to help mitigate any potential procurement challenges.

During the detailed project by project review, the BOC reviewed updated concepts for Bonney Lake High School expansion and intersection and the new middle school at Tehaleh. Specific status reports highlighted that Bonney Lake HS's schematic design and VE results have been approved by the School Board, the site permit request has been submitted to the City of Bonney Lake, and the building permit will follow shortly. Sumner High School Phase II of the Master Plan is on track with design and permit requests will be submitted within the week. The project team reported on how they are considering tweaking the sequencing of subsequent phases to make construction more efficient.

All projects were reported in or under budgets and on schedule, with the exception of Crestwood Elementary. The BOC learned it is a little behind because scoping the project is complicated. They are getting feedback from staff on the scope of the project. The budget may be a little higher as a result although no estimate has been submitted yet. And the schedule is lagging about two months behind.

The BOC also learned that the District submitted a request to the state to use GC/CM for the Tehaleh Heights Elementary Expansion. The request was approved in December 2025. A BOC member joined in the evaluation portion of the hiring process and the District is in the process of selecting the GC/CM team.

The BOC asked questions about how new schools are named and learned there is a District policy for naming that will be followed. Questions about GC/CM included why use it for a smaller project such as Tehaleh Heights ES expansion. They learned that complexity, not just size of projects is a driver for GC/CM. Because this project requires cutting into an operating site, that complexity made GC/CM a good contracting model.

The BOC reviewed the detailed draft outline for the annual report to the School Board and the community. They discussed what findings and/or recommendations they should include in the report.

Key messages from this meeting included: Projects remain on track; there is budget pressure on the Bonney Lake High School project, and the BOC recognizes it is very early in the development of all the projects, and more progress will reveal more potential successes and challenges.

III. Bond Funding: How It Works and Tax Impacts

The BOC spent some time understanding how school construction financing worked, how bonds support school construction, and examining the SBLSD 2024 Construction Bond funding. They learned how the money would be obtained, how it would be spent, and how it would affect District property owners' tax rates. The BOC heard from many community members that they did not understand how school bonds and bond sales worked. Below is a general explanation.

A. General Overview of Bond Sales:

Voter-approved bond measures are for a certain amount to cover all projects included in the bond request. For the Sumner-Bonney Lake School District, the 2024 Bond Measure authorized up to \$732 million to be spent on the projects included in the measure. Districts do not have to borrow the entire authorized amount of a bond measure at one time; they can choose to sell bonds at different times, for different amounts, up to the total authorized in the bond measure. For example, the SBLSD held their first bond sale in May of 2025 to fund a portion of the work to be done. That 2025 Bond Sale (the first series issued from the voter-approved authorization), was for \$175,164,484. The overall borrowing cost of that sale is 4.42%.

There are numerous reasons to sell bonds in smaller amounts over time, rather than one big sale. The District determined, by looking at the overall project schedule and costs, contract costs, and other factors, how much was needed and when, to ensure adequate funding is available as it is needed. It will take at least seven years to complete all the projects in the 2024 Bond Projects. By phasing out the sale of bonds, the District is able to defer some of the cost of borrowing money until the funds are actually needed. And this helps keep tax rates stable. That is part of why this large bond measure does not result in increased property taxes.

B. How Bonds Impact Property Taxes:

Tax rates are set by the County Assessor each year, and they dictate how much property tax must be paid by each taxpayer. The rates are calculated so as to raise the exact dollar amount needed for the District to pay the year's principal and interest payment on any outstanding debt (e.g. bonds.) In Washington, that tax rate is expressed as dollars per \$1,000 of assessed value. In other words, the tax rate is calculated by dividing the authorized debt obligation by the total

assessed value. What does that mean for SBLSD taxpayers?

- In 2025, the Actual Bond Tax Rate for SBLSD is \$2.26 per
- \$1,000 of Assessed Value.
- Bond taxes are not set as a flat percentage of a home’s value. The rate is set to raise a specific total dollar amount so the District can make the scheduled payment. If total assessed value (of all property) across the District rises, a lower rate per \$1,000 Assessed Value can be set and will raise the same total dollars because the tax base is larger. This is why a stable or declining tax rate can be seen when assessed values are rising. It is also why the District only sells as much in their bond sale as is needed for a certain period of time, so as to take advantage of rising assessed value and reduce the amount of payment needed per year.
- Here is an example of how the tax rate works. An estimated average residential property in the District is valued at \$547,000 Assessed Value. For that property, the annual bond tax paid is \$1,237.91. (This is only the portion of property taxes that pays for the District bonds.)

<p>The math is: $\\$547,000 / 1,000 \times \\$2.26 =$ $\\$1,237.91$</p>

IV. 2024 Bond Projects

The BOC is providing oversight on all eight of the projects included in the 2024 Construction Bond. Each project has its own budget, timeline, and contractor teams. The projects are managed by the District Project Team, identified in Table 3. Table 2 provides a list of all the projects and when they are projected to be completed. Figure 2 provides the budgets for the projects.

A. The Projects

Project	Contractor Team	Project Highlights	Projected Completion
Sumner High School	Architect: Hutteball + Oremus Architecture, Inc. Structural Engineer: PCS Structural Solutions Mechanical Engineer: Metrix Engineers Electrical Engineer: Hargis Engineers Civil Engineer: Jacobsen Consulting Engineers Landscape Architect: For a Landscape Architects General Contractor/Construction Manager: Skanska	Phase 1 completed under 2016 Bond. Phases 2 and 3 will complete total rebuild and expansion.	Fall 2032

Project	Contractor Team	Project Highlights	Projected Completion
<u>Bonney Lake High School & Intersection</u>	Architect: BCRA, Inc. Structural Engineer: PCS Structural Solutions Mechanical/Electrical Engineer: GFT (formerly BCE Engineers) Civil Engineer: Sitts & Hill Engineers Landscape Architect: Fora Landscape Architects General Contractor/Construction Manager: Korsmo Construction	Adds at least 10 additional classrooms Improved parking and queuing Improved Mountain View Middle School / Bonney Lake High School intersection	Fall 2028 (Classrooms) Spring 2027 (Intersection)
<u>New Middle School in Tehaleh</u>	Architect: McGranahanPBK Structural Engineer: PCS Structural Solutions Mechanical/Electrical Engineer: Hargis Engineers Civil Engineer: Sitts & Hill Engineers Landscape Architect: Fora Landscape Architects	New school with updated learning technology, energy efficient systems, and controlled school classroom entry Multi-use synthetic turf field facilities	Open Fall 2029
<u>Daffodil Valley Elementary Field Improvements</u>	Landscape Architect: Second Nature Consulting Civil Engineer: Momentum Civil Architecture: Zervas Group Structural Engineer: Kingworks Mechanical/Electrical Engineer: Hultz BHU	Adding multi-use synthetic turf field facilities Installing field lighting	Late Fall 2026
<u>Liberty Ridge Elementary Improvements</u>	Architect: fi Architecture Mechanical/Electrical Engineer: TBD	Modernizing front office and security vestibules Installing teaching walls to classrooms	Late Fall 2027
<u>Crestwood Elementary Improvements</u>	Architect: Studio Meng Strazzara Mechanical/Electrical Engineer: Hargis	Modernizing front office and security vestibules Installing teaching walls to classrooms	Late Fall 2027
<u>Tehaleh Heights Elementary Improvements</u>	Architecture: McGranahanPBK Mechanical/Electrical Engineer: Hargis Structural Engineer: PCS Structural Solutions Landscape Architect: Fora Landscape Architects Civil Engineer: Sitts & Hill	Classroom addition Improved parking and queuing	Late Summer 2028

Project	Contractor Team	Project Highlights	Projected Completion
Donald Eismann Elementary Improvements	Civil Engineer: Ethos Civil Landscape Architect: KG Designs Electrical Engineer: Tres West Engineers	Adding multi-use synthetic turf field facilities Installing field lighting Improving traffic circulation	Fall 2026
Energy Efficiency Improvements	McKinstry Essention	LED lighting conversion at multiple schools	Fall 2029

Table 2- 2024 Bond Projects

The District Project Team manages the 2024 Construction Bond projects as a whole program as well as tracks at the individual project level.

Name & Organization	Title
Laurie Dent, PhD,	SBLSD Superintendent
Marina Tanay	SBLSD Director of Capital Projects
John Boatman	SBLSD Capital Projects Manager
Matt Guilanians	Falcon & Fern Program Manager (Consultant)

Table 3 – District Project Team members

B. Project Financial Status

At the request of the BOC, for each BOC meeting, a report is generated by the DPT to track all project budgets over the timeline of the project. This report is updated by the District and reviewed at every BOC meeting. It allows the BOC to see how budget expenditures are tracking compared to the project progress over time. (See Figure 2)

2024 Bond Projects - Schedules and Cash Flow

Bond Sales		\$175m	\$150m	\$275m	\$132m					\$732m
Projects	Budget	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	Totals
BLHS Classroom Addition & Intersection	\$76.9m	\$2.0m	\$6.0m	\$40.0m	\$28.9m					\$76.9m
Sumner HS Phase 2 West Building	\$114.0m	\$2.0m	\$6.0m	\$40.0m	\$40.0m	\$26.0m				\$114.0m
New Middle School at Tehaleh	\$200.0m	\$2.0m	\$6.0m	\$20.0m	\$88.0m	\$84.0m				\$200.0m
Liberty Ridge Elementary Improvements	\$2.9m		\$0.8m	\$1.4m	\$0.6m					\$2.9m
Crestwood Elementary Improvements	\$2.9m		\$0.8m	\$1.4m	\$0.6m					\$2.9m
Tehaleh Heights Elementary Expansion	\$19.0m		\$1.0m	\$3.0m	\$15.0m					\$19.0m
Donald Eismann Ele. Queueing, Parking & Field	\$7.8m		\$1.0m	\$6.8m						\$7.8m
Daffodil Valley Ele. Field Improvements	\$6.0m			\$6.0m						\$6.0m
Sumner HS (Master Plan Build Out)	\$298.2m				\$2.0m	\$54.0m	\$116.2m	\$92.0m	\$34.0m	\$298.2m
Energy Efficiency Improvements*	\$4.0m	\$0.3m	\$0.8m	\$1.0m	\$0.5m	\$1.0m	\$0.5m			\$4.0m
Totals		\$6.3m	\$22.4m	\$119.7m	\$175.7m	\$165.0m	\$116.8m	\$92.0m	\$34.0m	\$731.8m
Ending Balance		\$168.8m	\$146.4m	\$26.7m	\$1.0m	\$111.0m	\$126.2m	\$34.2m	\$0.2m	
Actual Totals		\$4.2m								
Actual Ending Balance		\$170.8m								

Figure 2 - 2024 Bond Projects, Schedules and Cash Flow

C. Financial Picture to Date:

- Total 2024 Construction Bond Authorization: \$732,000,000
- Bond sales to date: \$175,164,484 sold, which is 24% of the total bond authorization
- Total Funds Expended to Date: \$9,147,071 as of January 31, 2026.
- Contingency/Reserve Status: Contingencies are pools of money within project budgets to be used in the case of certain circumstances. For example, there may be a set contingency to cover differences in estimated cost for materials and actual costs at the time the materials are purchased. Contingencies are intended to provide a “cushion” in cost estimates to account for potential cost variations to limit the need for projects to have to “ask” for additional budget, which could require additional bond sales. The BOC gets reports on budgeted expenditures as well as any contingency expenditures for each project. To date, there has been no contingency funding expended on any of the projects.
- In future years, contingency spending will be reflected as \$\$\$[Amount] remaining (and % of original contingency).
- Change Orders: There have been no change orders to review in the first year of the 2024 Bond Projects. Change orders are requests from the contracting team to adjust the project’s scope, schedule, and/or budget on a project for various reasons. Change orders, even if applying only to schedule changes, typically have budget impacts. Change orders must be approved by the District. In future years, the BOC will review any major change orders and their rationale, as well as potential impacts to the full program delivery.

D. Project Milestones

In the first year of the 2024 Construction Bond, project milestones were mostly about contractor procurement, conceptual designs, and the permitting process. By February 28, 2026, the following milestones had been achieved.

- Contractor team procurement completed for Bonney Lake High School Expansion and Sumner High School Phase 2
- Three projects have received approval for GC/CM project delivery method (Sumner High School Phase 2, Bonney Lake High School, and Tehaleh Heights Elementary)
- Four projects have submitted necessary permits, Sumner High School Phase 2, Bonney Lake High School Expansion, Donald Eismann Elementary Field Improvement and Parking & Queuing, and Daffodil Valley Elementary Field Improvements
- Donald Eismann Elementary Field and Parking Improvements Project has received necessary permits
- Construction scheduled to begin Summer/Fall 2026 for all projects (except Sumner High School Phase 3):
- Formal construction bid process began for Donald Eismann Field and Parking Improvements

V. BOC Findings, Recommendations, and Proposed Changes

A. Key BOC Findings:

Based on all the information presented, the BOC believes that the District is managing this very large and complex Bond Program with strong controls, accurate record-keeping, and defensible processes. Almost all the projects are under contract, many permit submittals are underway, and procurement has run smoothly.

- Finding 1 (Financial): We believe District funds are being spent appropriately and in compliance with the bond measure.
- Finding 2 (Risks): The District has demonstrated an awareness of and plans to mitigate potential overarching risks such as inflation, economic uncertainty in large part due to federal tariff policies, and subsequent labor and material cost variations.
- Finding 3 (Schedule): All the projects in the 2024 Construction Bond are progressing as laid out in the Master Schedule. While one or two projects have been intentionally adjusted by a month or two, all projects are still on track to begin construction as scheduled.
- Finding 4 (Communication): Communications between the District Project Team and the BOC have been timely, informative, accessible, and detailed. The BOC has been provided meeting materials at least one week prior to meetings, allowing ample time for review and preparation for the meetings. Providing all BOC meeting materials on the website, as well as continuously updated

information on all the projects, enables BOC members to share information with community members and colleagues, ensuring full transparency.

B. Proposed Changes to Project Sequence, Timing, or Finances (If any):

- In future years, the BOC will review any proposed changes and proposed risk mitigation and provide recommendations as needed. To date, there have been no proposed changes to review.

VI. Next Year's Forecast (2026)

The BOC spent its first year focusing on procurement, initial conceptual designs that informed scope, schedule and budget, project delivery methods, and start-up activities necessary for a program of this size.

In its second year, the BOC anticipates that its focus will turn to understanding the critical risks to the program and individual construction schedules, reviewing any change order requests, and keeping a keen eye on project budgets and schedules as they move from planning and design into actual construction.

The BOC will be tracking anticipated project milestones and reviewing and discussing any variances. The Committee plans to continue its meeting tempo (quarterly meetings) on Monday evenings.

Key Project Milestones for 2026:

- Groundbreaking for Donald Eismann field and parking (Q3 2026)
- Groundbreaking for Sumner High School Phase 2 (Q3 2026).
- Groundbreaking for Bonney Lake High School (Q3 2026).
- Groundbreaking for Tehaleh Heights Elementary Expansion (Q3 2027).
- Completion of new parking at Donald Eismann Elementary (Q3 2026).
- Completion of new fields at Donald Eismann Elementary and Daffodil Valley Elementary (Q3 2026).

BOC 2026 Focus Areas:

- Procurement
- Minority/Women-Owned Business (MWBE) targets for GC/CM projects
- Change orders
- Understanding and tracking critical risks
- Site visits (as warranted)

Tentative 2026 Meeting Schedule:

- March 23, 2026
- June 15, 2026

- September 21, 2026
- January 25, 2027

VI. Conclusion and Appreciation

We, the members of the Bond Oversight Committee, are committed to our charge, which is to provide an ongoing, independent review of the major projects approved by the voters on the November 5, 2024 ballot. Many of us served on the Facilities Advisory Committee that recommended this major Bond Program and felt duty-bound to ensure the District manages the program in accordance with best practices and fidelity to the expectations of the SBLSD community. To date, as a result of our work and the support from the District Project Team, we have full confidence that the 2024 Construction Bond projects are moving forward as projected; schedules and budgets are being met, and the District is on the path to making significant improvements to our District's facilities.

The Bond Oversight Committee wishes to express its gratitude to the School Board for convening this committee and providing the support needed to fulfill our mission. We thank the community for their support and for trusting us to ensure transparency for this very large construction program. We appreciate the questions you ask us, as they help us ask better questions and request the right information from the District. We especially thank the members of the District Project Team. The DPT has gone to great lengths to provide information at a deep level of detail, while providing plain language explanations of concepts that were new to some of us. Communications from the DPT to the BOC have been timely, clear, and accessible.

We look forward to our work next year.