



Meeting of the Citizens Oversight Committee
Multipurpose Room at Ralph Hawley School
1275 61st Street, Emeryville

March 19, 2014 – 6:00 p.m.

Emery Unified School District Guiding Principles:
We Hold High Academic, Social, and Professional Expectations
We Create a Sense of Family
We Inspire and Support Innovation to End Racist and Classist Practices

PUBLIC AGENDA

A. OPENING CEREMONY/ROLL CALL (approximately 6:00 p.m.)

Tom Rauch, Chair

TBD, Student Member

Judy Inouye, Member

TBD, Student Member

Dr. Marcelline Krafchick, Member

Charlie Schuman, Member

Rodney Wong, Member

Mitchell Fine, Member

TBD, Open Member Position

TBD, Vice Chair

Administrative Support

John Quinn, Interim Superintendent of Schools

Mark Bonnett, CBO

Dave Gallaher, Interim ECCL Project Mgr.

B. APPROVAL OF AGENDA (approximately 6:05 pm)

C. APPROVAL OF MINUTES (approximately 6:08 pm)

Minutes of January 15, 2014 meeting (will be deferred until the May 21, 2014 meeting)

D. REPORTS (approximately 6:10 p.m.)

I. Superintendent's Report

II. COC Chairperson's Report

III. EUSD Staff Comments

IV. COC Member Comments

E. VISITORS – Public comment for items NOT on the agenda (approximately 6:25 p.m.)

Citizens Oversight Committee Procedures: Community members are encouraged to attend Citizens Oversight Committee meetings. Each agenda contains a "Visitors" section, to allow for public comment on items NOT listed on the agenda. Public comments on items that ARE on the agenda will be taken at the time of the item. When recognized by the COC Chair, speakers are asked to limit their comments to three (3) minutes.

This is a public meeting. Under the Ralph M. Brown Act, any person has the right to record these proceedings with an audio or video tape recorder so long as they do so without causing a persistent disruption. Cal. Gov. Code 54953.5(a). Please note that an official audio recording of the meeting is taking place and is available upon request to the Emery Unified School District. All writings that are public records and relate to an agenda item below which are distributed to a majority of the Oversight Committee (including writings distributed to a majority of the Oversight Committee less than 72 hours prior to the meeting noticed below) will be available at the Emery Unified School District, 4727 San Pablo Avenue, Emeryville, CA during normal business hours (8am to 4pm, Monday through Friday, excluding legal holidays) and at www.emeryvillecenter.org. Cal. Gov. Code. 54957.5(a)-(d).

F. COC ACTION/DISCUSSION ITEMS (approximately 6:30 pm), PUBLIC COMMENT INVITED

1. AUDIT REPORT JUNE 30, 2013 REVIEW (copy attached, audit staff available by phone for questions)
2. ECCL PROGRESS UPDATE & PROJECT MILESTONES (see attached pdf)
3. FINANCE REPORT. (to be provided by Mark Bonnett)
 1. Subcommittee liaison report
 2. Additional input from staff
 3. Discussion
4. COC ANNUAL REPORT PREPARATION
 1. Assignments for report drafting
 2. Process for completing the annual report

G. DISCUSS NEXT COC MEETING DATE (May 21, 2014 ; Meeting will be held at 1275 61st Street , Ralph Hawley School)

H. COC CHAIR REPORT TO CITY-SCHOOLS

I. COC COMMITTEE MEMBER CLOSING COMMENTS

J. CALENDAR REVIEW

K. ADJOURNMENT

Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation related to COC meetings, may request assistance by contacting the Office of the Superintendent at (510) 601-4906.

EMERY UNIFIED SCHOOL DISTRICT
Emery, California

MEASURE J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2013

EMERY UNIFIED SCHOOL DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2013

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees and Independent Citizens' Bond
Oversight Committee for Measure J
Emery Unified School District
Emeryville, California

We have conducted a performance audit of the Emery Unified School District (the "District") Measure J General Obligation Bond funds for the year ended June 30, 2013.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure J General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Emery Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Emery Unified School District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Emery Unified School District expended Measure J General Obligation Bond funds for the year ended June 30, 2013 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
January 9, 2013

EMERY UNIFIED SCHOOL DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

EMERY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE J

The Emery Unified School District, Alameda County, California Election of 2010 General Obligation Bonds, Measure J were authorized at an election of the registered voters of the Emery Unified School District held on November 2, 2010 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$95,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The summarized text of the ballot language was as follows:

"Shall Emery Unified School District: maintain academic excellence/student performance, attract and retain quality teachers by replacing/upgrading outdated schools no longer meeting seismic safety standards; provide updated classrooms, technology, science/computer labs; improve school safety; create energy efficient cost-saving facilities that provide job training, after-school, pre-school, and other community services by issuing \$95 million dollars in bonds at legal rates, with independent citizens' oversight, audits, and NO money for administrator salaries, benefits, or pensions?"

On April 21, 2011, the District issued 2011 Series A General Obligation Bonds, Election of 2010, totaling \$25,499,600. Of the total issuance amount, \$324,600 were issued as Capital Appreciation Bonds. The Bonds bear interest at rates ranging from 5.75% to 6.5% per annum from the date of issuance and are payable on August 1 and February 1 of each year through August 2036.

On October 12, 2011, the District issued 2011 Series B General Obligation Bonds, Election of 2010, totaling \$15,000,000. The Bonds were issued as federally taxable direct-pay qualified school construction bonds, bear interest at 4.83% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2030.

(Continued)

EMERY UNIFIED SCHOOL DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

EMERY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE J (Continued)

On February 23, 2012, the District issued 2012 Series C General Obligation Bonds, Election of 2010, totaling \$7,640,000. The Bonds were issued as federally taxable direct-pay qualified school construction bonds, bear interest at 5.52% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2032.

On February 11, 2013, the District issued 2013 Series D General Obligation Bonds, Election of 2010, totaling \$17,450,147. Of the total issuance amount, \$1,320,000 were issued as Current Interest Bonds, and \$16,130,147 were issued as Capital Appreciation Bonds. The Current Interest Bonds bear interest at 5.0% per annum from the date of issuance, and are payable on August 1 of each year through August 2045. The Capital Appreciation Bonds bear interest at rates ranging from 1.0% to 5.45% per annum, from the date of issuance, and are payable on August 1 of varying years through August 2045.

(Continued)

EMERY UNIFIED SCHOOL DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure J General Obligation Bond funds for the year ended June 30, 2013 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure J General Obligation Bond project expenditures for the year ended June 30, 2013 (the "List"). A total of \$5,869,983 in expenditures from July 1, 2012 through June 30, 2013 were identified.

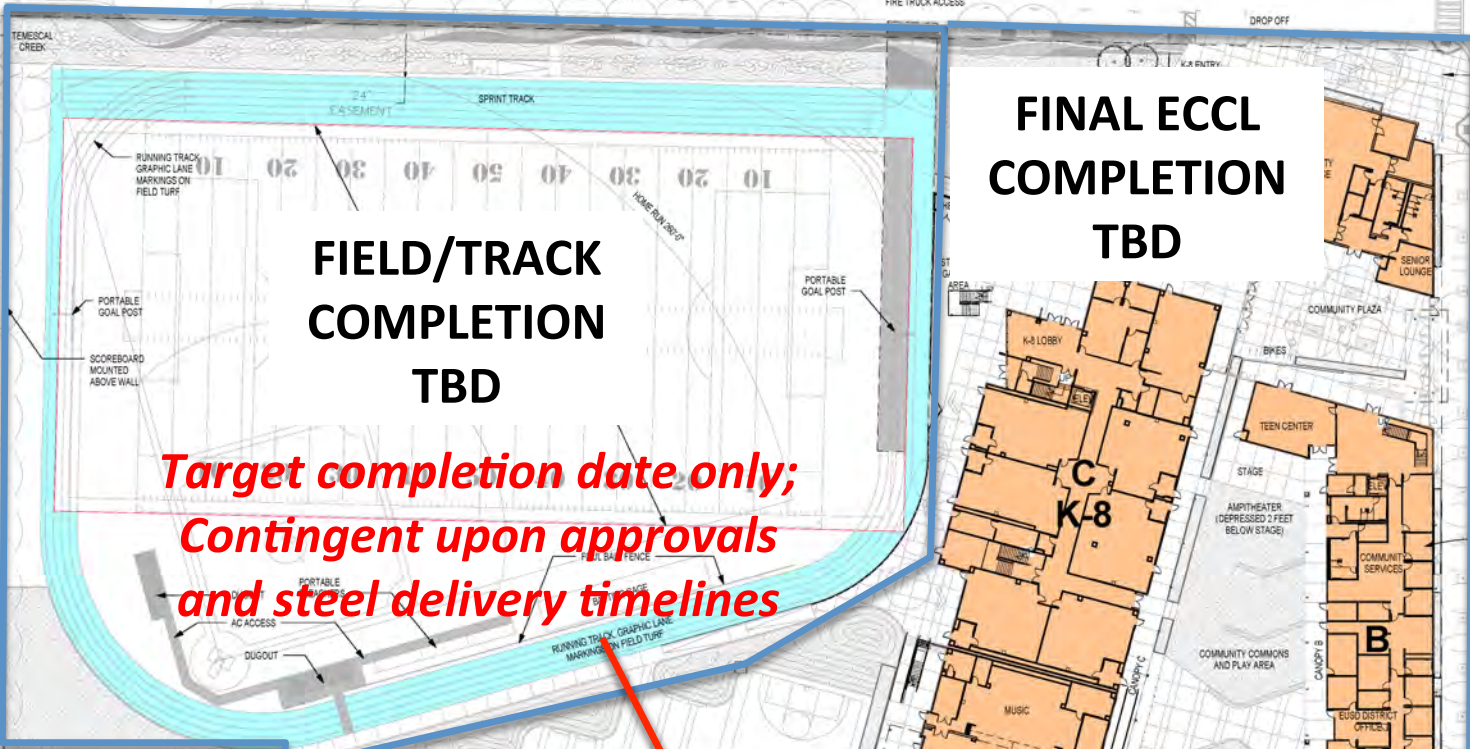
METHODOLOGY

We performed the following procedures to the List of Measure J General Obligation Bond project expenditures for the year ended June 30, 2013:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds, and financial reporting have been put in place and are working as documented.
- Documented the District's procedures and controls over planning, bidding, contracting, expenditure of bond funds, and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the expenditures list.
- Agreed the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2013, presented as the Building Fund.
- Selected a sample of 40 expenditures totaling \$4,549,538 from Measure J expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects as specified by the District's Board of Trustees.

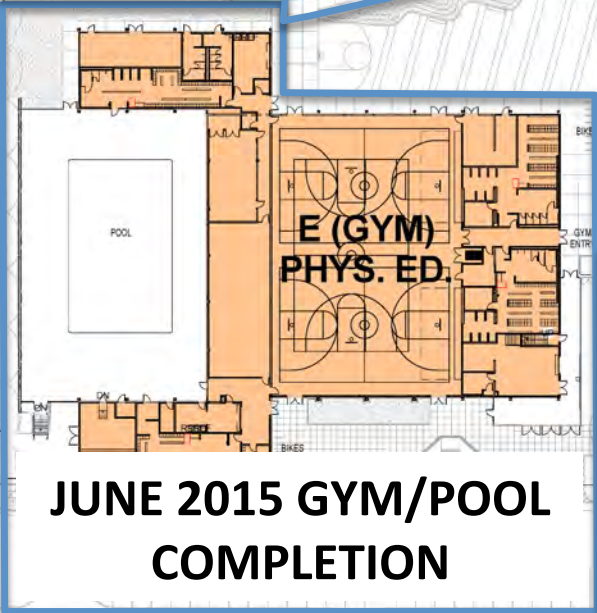
CONCLUSION

The results of our procedures indicated that, in all significant respects, Emery Unified School District expended Measure J General Obligation Bond funds for the year ended June 30, 2013 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

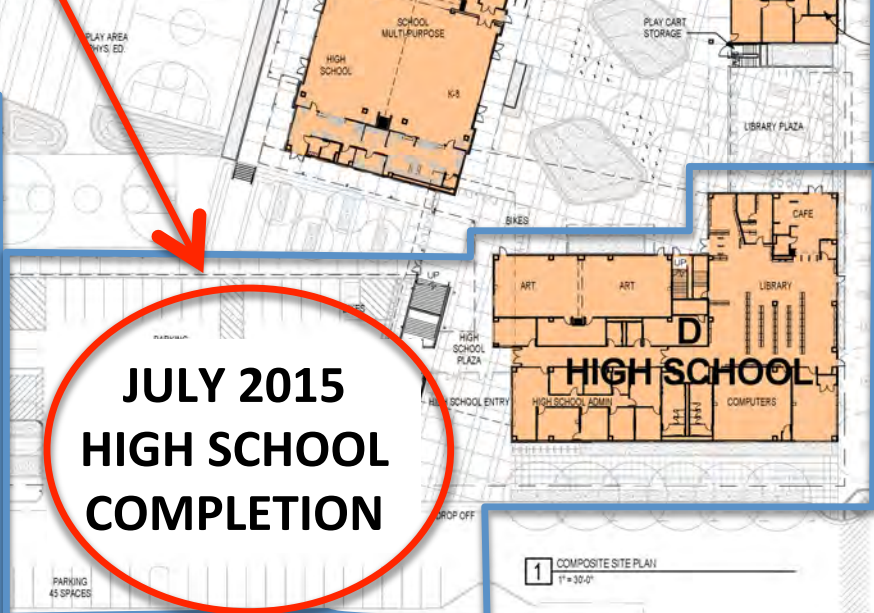


**Target completion date only;
Contingent upon approvals
and steel delivery timelines**

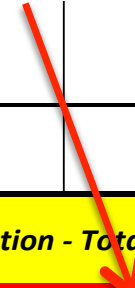
**FINAL ECCL
COMPLETION
TBD**



**JUNE 2015 GYM/POOL
COMPLETION**



**JULY 2015
HIGH SCHOOL
COMPLETION**

MILESTONE	2013		2014						2015		2016	
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL-DEC	JAN-JUN	JULY-DEC	JAN-JUN	
Site Soils cleared by DTSC	Final PEA (Preliminary Endangerment Assessment) approved Feb9		RAW (Remedial Action Workplan) Draft and Scope developed	RAW Review and Prelim Approval by DTSC		30-Day Public Review Period	Complete Soils Mitigation Work South North					
Blueprint Approvals by DSA (Division of State Architect)	Demolition stamped	Bldg E (Gym) Stamped Feb 15	Bldgs A/B stamped	Bldgs C/D & Site stamped								
GuarMaxPrice confirmed Turner Total Project Construction Contract signed	Demolition contract work	Prep for subcontractor bidding	District & City construction contract legal review complete	Prep for Bidding	Bidding Finalized & Construction Contracts signed			<p>Target completion date only; Contingent upon approvals and steel delivery timelines</p> 				
City Joint Occupancy/Funding Agreement approval	Draft Agreement	Budget summary prepared	JOA final approval following Construction Contract approval									
CM/Owner's Rep Firm selected/contract signed		RFP issued Jan 15	RFP responses Feb 28	Firm selected	Firm approved							
Construction	Demolition above slabs completed Jan 20 week		Slab Demo/Gym Int. Demo & Remodel/ Soils Mitigation				New Construction - Total Project					
Move-in									Gym/Pool Jun 2015	High School July 2015	Complete ECCL	
Furniture/Equipment list finalized	Prelim Layouts	Prelim List		Finalize list and product options	Final Product selection confirmation		Review Sample Mock-ups	Bid and Award contracts				
Furnishing												
Public Meetings/Events	<i>School Board</i>	Jan 8 & 22	Feb 12 & 26	Mar 12 & 26	Apr 9 & April 30	May 14 & 28	June 11 & 25					
	<i>City Council</i>				Apr 1 & 22	May 6 & May 20	June 3 & 17					
	<i>City-School</i>	Jan 9	Feb 6		Apr 3			Jul 3				
	<i>Citizen's Oversight</i>	Jan 15			Mar 19		May 21	Jun 18				
	<i>Community</i>	Jan 8 Commission on Aging	Anna Yates School Staff Meeting Feb 6					Ground Breaking Ceremony				
	<i>Board Facilities Committee</i>	Jan 9	Feb 5	Mar 5	Apr 2	May 7	Jun 4	Jul 2				