

Annual Report
Citizens' Oversight Committee for Measure "T"
Fiscal Year 2010/2011

The Citizens' Oversight Committee reviews the financial expenditures of Measure "T" proceeds on a quarterly basis and has reviewed all actions related to the compliance with Education Code 15278. The expenditure reports provided to the Citizens' Oversight Committee supply information about the site, activity, vendor, and amount of each payment.

The district has complied with Article XIII A, and Education Code 15278 at Section 1(b)(3) of the California Constitution as follows:

- 1) The first series of Measure "T" bonds (Series A) of \$60 million was issued March 1, 2007. Proceeds were spent only on construction, reconstruction, rehabilitation or replacement of school facilities including furnishings and equipping of school facilities on acquisition or lease of real property for school facilities as identified in the projects list of Resolution Number 1608 of the Hemet Unified School District.
- 2) The second series of Measure "T" bonds (Series B) of \$40 million was issued in March, 2008. Proceeds were spent only on construction, reconstruction, rehabilitation or replacement of school facilities including furnishings and equipping of school facilities on acquisition or lease of real property for school facilities as identified in the projects list of Resolution Number 1608 of the Hemet Unified School District.
- 3) The district sold \$25 million in bond anticipation notes (BAN) in July 2010 which will be later refunded by Measure "T" general obligation bonds. The BAN will cover the cost to complete phase II and III of Hemet High School. The district used its eligibility in the Federally backed Qualified School Construction Bond (QSCB) program to subsidized the interest cost of the BAN.
- 4) No proceeds were spent on teacher salaries, administrative salaries or on operational expenses.
- 5) An independent audit was prepared for the year ending June 30, 2011, complying with the provisions of the Education Code and approved by the Citizens' Oversight Committee. The Citizen's Oversight Committee approved new guidelines for the required "Performance Audit" of the projects. The new guidelines were used to perform the 2010- 2011 audit. The audit referenced here was reviewed by the Citizens' Oversight Committee on February 16, 2012. The audit is available for public review on the district's webpage www.hemetusd.k12.ca.us at the Citizens' Oversight Committee link. Copies are also available at the district office.
- 6) The district has made efforts to maximize the Measure "T" bond revenues by implementing cost-saving measures such as negotiating cost reduction in professional fees for architectural design, use of construction management value engineering services, reuse of plans, incorporation of water and energy conservation measures such as use of reclaimed water and use of drought tolerant plants within the school plans, and competitively bid bond issuance to obtain lowest interest rate (4.3699 Measure "T" Series A and 5% on Series B), and by utilizing facilities grants such as CTE to augment Measure "T" funding. The district saved \$14 million for Phases II and III of Tahquitz High School and Rancho Viejo Middle School from original budget estimates.

The district also benefited from a very favorable bid environment for Phase II of the Hemet High School project. Hemet High School's phase II was originally estimated at \$20.1 million however bids came in at only \$13.5 million, saving \$7.6 million, enough to bid out phase III (Performing Arts/Theater building).
- 7) The committee has been provided necessary and adequate technical assistance from district staff in order to fulfill its legal obligations and purpose. District staff welcomes committee questions and comments. You may contact Vincent Christakos at vchristakos@hemetusd.k12.ca.us. Staff has provided regular project status reports and expenditure reports quarterly to the committee and agenda items as requested by the members. Committee members recently visited Hemet High School, Cottonwood, and Tahquitz High School projects to review work completed and in progress.

- 8) The agendas, minutes, and reports have been made available to the public and are posted on the website maintained by the district (www.hemetusd.k12.ca.us).
- 9) The committee has complied with the Ralph M. Brown Act (Brown Act) a public meetings act, by having formally scheduled meetings with agendas duly noticed, open to the public, with minutes taken and posted on the district's webpage under the Citizens' Oversight Committee. Meetings are generally held on a quarterly basis and are posted on the website. Special meetings may be scheduled and will follow the provisions of the Brown Act.
- 10) The committee has reviewed the progress reports on the status of all projects.

Approved February 16, 2012 by the Citizens' Oversight Committee

Wendy Naylor

Chairperson

Robert Righetti

Vice Chairperson