

AGENDA OF THE MEASURE BB OVERSIGHT COMMITTEE

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
325 S. Peck Ave., Manhattan Beach, CA 90266**

**April 11, 2011
7:00 p.m.**

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Committee meeting room, to access written documents being discussed at the Committee meeting, or to otherwise participate at Committee meetings, please contact the Board Secretary, Nancy Bogart, at 310-318-7345, ext. 5902, for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Committee meeting and to provide any required accommodations, auxiliary aids or services.

Writings related to a Committee meeting agenda item that are distributed to at least a majority of Committee members less than 72 hours before a noticed meeting, and that are public records not otherwise exempt from disclosure, will be available for inspection at the District office, 325 S. Peck Avenue, Manhattan Beach, CA 90266. Such writings may also be available on the District's website. (Government Code §54957.5 (b)).

A. CALL TO ORDER

1. Call to Order
2. Pledge of Allegiance

B. ANNOUNCEMENTS AND COMMUNICATIONS

1. Public Comment Regarding Agenda
The purpose of this section is to permit any person in the audience to make a statement to the Committee on items on the Agenda. Persons are limited to three (3) minutes for their communication, unless the Committee deems otherwise. The Chairman will conclude the Public Comment after a reasonable length of time and proceed with the Agenda. The Chairman may, at its discretion, permit statements on items not on the Agenda, but pertaining to the District, if appropriate and not an impediment to the efficiency and orderliness of the meeting; however, no action shall be taken on any item not appearing on the Agenda.

C. PRESENTATION

- Pg 1 - 3 1. Report by District of Detailed Measure BB Expenditures

D. COMMITTEE BUSINESS

1. Bond Oversight Sub-Committees
- Pg 4 - 14 2. BOC Report for Activities through December 31, 2010

Pg 15 - 24 3. BOC Report for Activities through March 31, 2011

Pg 25 - 27 4. Approval of March 14, 2011 Bond Oversight Committee Minutes.

E. PUBLIC COMMENTS

As a courtesy, please complete the Public Comment card and give it to the Recorder before the beginning of this meeting. You will have three (3) minutes to speak.

F. ITEMS FOR FUTURE MEETINGS

G. ADJOURNMENT

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

BOND EXPENDITURES BY MAJOR CATEGORY FROM 7-1-10 THRU 3/4/11

1 Expenditures by Major Category	Expenditures	Estimate	Comments
2	As of 3-4-11		
3 Other Professional Services	\$ 54,099	100%	Evaluation scope of site and facilities expanded by DSA comments, now complete
4 Architects	\$ 1,816,930	56%	Largest Components remaining, DSA, budget, construction administration
5 Regulatory Fees	\$ 183,600	95%	Fees remaining, DSA back check
6 Construction Manager	\$ 209,097	6%	CM contract terminated as of 3-31-11. Bernards now LLB contractor.
7 Engineers and Consultants	\$ 74,190	80%	Additional services usually comes with modernization components
8 Total	<u>\$ 2,337,916</u>		
9 Audit Adjustment	\$ (451,662)		
10 Net Total	<u>\$ 1,886,254</u>		

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

FUND 21 - MEASURE BB CONSTRUCTION EXPENSES FROM 7-1-10 THRU 3-4-11

journal_date	post_date	fy	Expenditures	Purchase Orders	po_id	vendor_name	trans_ref	account_no
Other Professional Services								
20101208	20101209	10-11	-	6,694.30	19020	NIC Partners		21.0-09600.0-00000-85000-5630-9000000
20101118	20101119	10-11	-	3,600.00	B11-009	California Geological Survey		21.0-09100.0-00000-85000-5890-9000000
20101119	20101120	10-11	3,600.00	(3,600.00)	B11-009	California Geological Survey	SE191010	21.0-09100.0-00000-85000-5890-9000000
20110207	20110208	10-11	6,694.30	(6,694.30)	19020	NIC Partners	SH7114	21.0-09600.0-00000-85000-5630-9000000
20110207	20110211	10-11	43,805.04			NIC Partners	SH7113	21.0-09600.0-00000-83000-6410-9000000
20110207	20110211	10-11	-	(43,805.04)	18866	NIC Partners		21.0-09600.0-00000-83000-6410-9000000
			54,099.34					
Architects								
20100913	20100917	10-11	228,914.63		B11-006	Harley Ellis Devereaux	SC105	21.0-09000.0-00000-85000-6210-9000000
20100913	20100917	10-11	114,681.48		B11-006	Harley Ellis Devereaux	SC13106	21.0-09000.0-00000-85000-6210-9000000
20100707	20100708	10-11	-	1,987,812.00	B11-006	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20100913	20100917	10-11	-	(435,747.71)	B11-006	Harley Ellis Devereaux	SC105	21.0-09000.0-00000-85000-6210-9000000
20100913	20100917	10-11	-	5,000.00	18817	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20100913	20100917	10-11	92,151.60		B11-006	Harley Ellis Devereaux	SC13107	21.0-09000.0-00000-85000-6210-9000000
20100914	20100918	10-11	1,209.12	(1,209.12)	18817	Harley Ellis Devereaux	SC141086	21.0-09000.0-00000-85000-6210-9000000
20101001	20101103	10-11	-	15,000.00	18817	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20101001	20101104	10-11	-	15,000.00	B11-006	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20101008	20101009	10-11	798.77	(798.77)	18817	Harley Ellis Devereaux	SD81014	21.0-09000.0-00000-85000-6210-9000000
20101008	20101009	10-11	709,831.91	(709,831.91)	B11-006	Harley Ellis Devereaux	SD81015	21.0-09000.0-00000-85000-6210-9000000
20101101	20101209	10-11	-	19,500.00	18817	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20101103	20101106	10-11	8,196.19	(8,196.19)	18817	Harley Ellis Devereaux	SE31042	21.0-09000.0-00000-85000-6210-9000000
20101104	20101109	10-11	622,954.90	(622,954.90)	B11-006	Harley Ellis Devereaux	SE4103A	21.0-09000.0-00000-85000-6210-9000000
20101209	20101215	10-11	10,109.58	(10,109.58)	18817	Harley Ellis Devereaux	SF9108	21.0-09000.0-00000-85000-6210-9000000
20101210	20101216	10-11	5,851.91	(5,851.91)	B11-006	Harley Ellis Devereaux	SF101017	21.0-09000.0-00000-85000-6210-9000000
20101011	20110203	10-11	-	47,300.00	B11-006	Harley Ellis Devereaux		21.0-09000.0-00000-85000-6210-9000000
20101029	20110215	10-11	844.80		B11-006	Harley Ellis Devereaux	SH91115	21.0-09000.0-00000-85000-6210-9000000
20101029	20110215	10-11	16,434.68	(17,279.48)	B11-006	Harley Ellis Devereaux	SH91114	21.0-09000.0-00000-85000-6210-9000000
20101023	20110226	10-11	3,606.92	(3,606.92)	18817	Harley Ellis Devereaux	SH23111	21.0-09000.0-00000-85000-6210-9000000
20110302	20110304	10-11	506.55	(837.29)	B11-006	Harley Ellis Devereaux	SI21138	21.0-09000.0-00000-85000-6210-9000000
20110302	20110304	10-11	837.29	(506.55)	18817	Harley Ellis Devereaux	SI21139	21.0-09000.0-00000-85000-6210-9000000
			1,816,930.33					
Regulatory Fees								
20101028	20101102	10-11	8,200.00			Division of the State Architect	RPOJ28-4	21.0-09100.0-00000-85000-6235-9000000
20101028	20101102	10-11	92,000.00			Division of the State Architect	RPOJ28-1	21.0-09100.0-00000-85000-6235-9000000
20101028	20101102	10-11	5,400.00			Division of the State Architect	RPOJ28-5	21.0-09200.0-00000-85000-6235-9000000
20101028	20101102	10-11	22,000.00			Division of the State Architect	RPOJ28-2	21.0-09200.0-00000-85000-6235-9000000
20101028	20101102	10-11	6,500.00			Division of the State Architect	RPOJ28-6	21.0-09300.0-00000-85000-6235-9000000
20101028	20101102	10-11	49,500.00			Division of the State Architect	RPOJ28-3	21.0-09300.0-00000-85000-6235-9000000
			183,600.00					
Construction Manager								
20100825	20100901	10-11	23,233.00		B11-007	Bernards	SB251029	21.0-09000.0-00000-85000-6250-9000000
20100825	20100901	10-11	23,233.00		B11-007	Bernards	SB251029	21.0-09000.0-00000-85000-6250-9000000
20100823	20100824	10-11	-	302,029.00	B11-007	Bernards		21.0-09000.0-00000-85000-6250-9000000
20100825	20100901	10-11	23,233.00		B11-007	Bernards	SB251029	21.0-09000.0-00000-85000-6250-9000000
20100825	20100901	10-11	-	(69,699.00)	B11-007	Bernards	SB251029	21.0-09000.0-00000-85000-6250-9000000
20100929	20101002	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SC291023	21.0-09000.0-00000-85000-6250-9000000
20101015	20101021	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SD151010	21.0-09000.0-00000-85000-6250-9000000
20101118	20101123	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SE18103	21.0-09000.0-00000-85000-6250-9000000
20110103	20110107	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SG3102	21.0-09000.0-00000-85000-6250-9000000
20110125	20110128	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SG251136	21.0-09000.0-00000-85000-6250-9000000

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

FUND 21 - MEASURE BB CONSTRUCTION EXPENSES FROM 7-1-10 THRU 3-4-11

20110210	20110215	10-11	23,233.00	(23,233.00)	B11-007	Bernards	SH10111	21.0-09000.0-00000-85000-8250-90000000
			209,097.00					
20100913	20100917	10-11	3,568.00	(3,568.00)	B11-002	KOA Corporation	SC13104	Engineers, Consultants, IOR
20100913	20100917	10-11	-	4,310.00	B11-002	KOA Corporation	SC13104	21.0-09000.0-00000-85000-6270-90000000
20100920	20100924	10-11	742.00	(742.00)	B11-002	KOA Corporation	SC201017	21.0-09000.0-00000-85000-6270-90000000
20100726	20100728	10-11	24,640.00		B11-05	Psomas	SA26109	21.0-09100.0-00000-85000-6270-90000000
20100728	20100730	10-11	36,960.00		B11-05	Psomas	SA28104	21.0-09100.0-00000-85000-6270-90000000
20110121	20110122	10-11	-	104,028.00	B11-008-0	Sandy Pringle	SG241119	21.0-09000.0-00000-85000-6280-90000000
20110124	20110128	10-11	7,085.68	(7,085.68)	B11-008-0	Sandy Pringle	SG241119	21.0-09000.0-00000-85000-6280-90000000
20110223	20110301	10-11	1,193.92	(1,193.92)	B11-008-0	Sandy Pringle	SH231113	21.0-09000.0-00000-85000-6280-90000000
			74,189.60					
4-Mar-11			2,337,916.27					
			\$ (451,662.00)	Audit Adjust				
			1,886,254.27					

Manhattan Beach Unified School District
Measure BB Oversight Committee
Report Dated December 31, 2010

Working Draft

I. Purpose of the Report

The Manhattan Beach Unified School District (“MBUSD”) Resolution No. 2008-12 called for an election authorizing the issuance of general obligation bond of MBUSD at an election to be held November 4, 2008. The Bond Measure (more commonly referred to as “Measure BB”), which was passed by the voting residents of Manhattan Beach, read as follows:

“To attract and retain quality teachers, improve instruction, and ensure college and career readiness for local students, shall Manhattan Beach Unified School District rehabilitate 58-year old Mira Costa High School including replacing deteriorated classrooms with new classrooms and science labs, upgrading technology, replacing deteriorated plumbing/restrooms, and improving safety/energy-efficiency, by issuing \$67,480,000 in bonds at legal rates, with independent oversight, mandatory audits, no money for administrator salaries, and all funds staying local to improve Manhattan Beach schools.”

In conjunction with the passing of Measure BB, the MBUSD Board appointed a Citizens Oversight Committee (“the Committee”) to insure the MBUSD’s compliance with Proposition 39 (as discussed below).

The purpose of this report is to inform the MBUSD Board and the public, concerning the expenditure of the bond proceeds and compliance with Proposition 39 and the MBUSD Measure BB Bylaws. This report addresses activities during the period from October 1, 2010 to December 31, 2010.

II. Purpose and Responsibility of the Committee

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Within the text of Proposition 39 various accountability requirements, including requirements for certain types of audits, were specifically required. In addition, Assembly Bill 1908 (“AB 1908”) was passed, which provided additional requirements relative to school district general obligation bond elections conducted pursuant to Proposition 39. Those requirements included provisions for school districts conducting Proposition 39 elections and thereafter establishing and appointing members to a Citizens Oversight Committee.

Draft

As stated by AB 1908, the purpose of the Committee is to inform the public at least annually in a written report concerning the expenditure of the bond proceeds. In carrying out this purpose the Committee will:

- a. Actively review and report on the proper expenditure of the taxpayers' money for school construction.
- b. Advise the public as to whether the school district is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, which provides that: (i) bond funds are expended only 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; (ii) no bond funds are used for any teacher or administrative salaries or other school operating expenses; (iii) a list of projects to be funded was included in the ballot; (iv) an annual independent performance audit is performed; and (v) an annual independent financial audit is performed.

The Manhattan Beach Unified School District Board of Trustees ("the Board") has further clarified that the objectives for the Committee shall include the following purpose and goals:

Purpose: To ensure that General obligation Bond funds are used in accordance with the intention of the voters and with the highest possible level of efficiency so that Mira Costa High School is renovated and improved to better serve the educational needs of the students in our community.

Goals: To validate to the community and to the Board of Trustees that all funds are expended as stated in the bond proposal and as approved by voters on November 4, 2008.

To provide progress reports to the Board of Trustees, MBUSD staff, parents, and members of the community.

The MBUSD Board also established Bylaws for the Measure BB Committee which identified additional duties and responsibilities of the Committee. In addition to the responsibilities required by Proposition 39, the following are highlights from those Bylaws.

Committee's Mission: The Measure BB Committee is to independently review and authenticate the planning and execution of the MBUSD Measure BB bond program and inform the public and Board concerning the expenditure of bond proceeds and to ensure that such bond proceeds are expended in accordance with the intention of the voters and state law.

The Committee is required by Proposition 39 to issue a report on an annual basis. The Measure BB Committee By-Laws, however, require that a report be issued on a quarterly basis. The By-Laws require that each quarterly report

Draft

concern the events of the preceding calendar quarter, each report is to be issued within 60 days of the end of the calendar quarter to which it pertains.

At the time that Measure BB was approved by the voters, a list of proposed projects, along with the initial estimates of spending, was provided to the voters. The intent of the MBUSD was to allocate spending based on a preliminary construction plan for the high school. MBUSD is not required to complete all projects on the initially adopted project list, but Measure BB funds cannot be used for work outside of the project list. The Committee is required to report on whether the project expenditures are consistent with Measure BB.

Due to limited activity with the Measure BB Project in 2009 and 2010, and limited project spending during the months since Measure BB was adopted, this is the second report issued by the Committee. Future reports will be made on a quarterly basis or as the Committee deems necessary.

III. Project Highlights and Recent Developments

The Measure BB project involves three major construction projects: (1) addition of a math and science building, (2) modernization of the “finger buildings” and (3) modernization of the performing arts buildings and quad development. Each of these three projects contributes to the majority of the planned capital spending. Additional program elements and the full list of voter-approved projects, not all of which are required to be constructed as part of the Measure BB program, are presented in attached “**Exhibit A.**”

With construction scheduled to first begin on the new math and science building in June 2011, the primary Project activities in 2010 related to the overall design of the buildings and complex. The Measure BB project design has and will continue to be lead by Harley Ellis Devereaux (“the Architect”), and has been organized into three phases.

The design development phase (second phase) was completed during the third quarter of 2010. The final phase of design (construction documents) was completed and submitted to the Division of State Architect (DSA) for approval on November 3, 2010

Based on the results and completion of the schematic design phase, Bernards completed their projection of total spending for the three primary construction projects. Bernards’ projected spending by major construction projects varies from what was presented previously by the MBUSD Board. The spending variances were determined based on more specific planning information, which was gathered through detailed discussions with teaching staff, condition assessments, and concept refinements made during the schematic design.

The Bernards' budget assumes: (1) increased cost for the math and science building in consideration of space needs, (2) remodeling of existing "M&O" building rather than a new building, (3) reconfiguration of the second floor of the existing administration building to accommodate the learning center, which will allow more classroom space in the "finger buildings".

A summary of the Bernards' September 30, 2010 cost estimate, as compared to the most recent budget prepared and reported by the MBUSD Board, is as follows (amounts in thousands):

	<u>MBUSD</u>	<u>Bernards</u>
<u>Construction Costs:</u>		
Phase I	\$24,360	\$26,163
Phase II	13,983	6,616
Phase III	<u>9,420</u>	<u>14,154</u>
Sub-total Construction	\$47,473	\$46,933
All Soft Costs	<u>7,012</u>	<u>7,012</u>
Total Projection	\$54,775	\$53,945
Potential Cost Reduction		\$830

Based on the most recent projection, total construction costs are forecasted to be \$829,692 below the current budgeted amount. However, since the Measure BB project is still in the early phases of design, the MBUSD Board as elected to maintain the current budget until more specific estimates are identified in upcoming phases of the project. The Committee agrees with the MBUSD Board to maintain the current targeted budget.

In July 8, 2010, the MBUSD Board issued additional Series B bonds, with a par value totaling \$9,738,877. The receipts from the bond issuance will fund on-going design and consulting fees in 2010 and 2011, and early stages of construction in mid 2011. In addition, \$738,978 was used to pay down existing debt from previous construction.

IV. Measure BB Project Scope, Budget and Spending Summary

The Measure BB initial project scope and budget, totaling \$67,480,000, included: (1) \$13,500,000 for the payoff of exiting debt and (2) \$53,980,000 for new construction and enhancements. The Attached "**Exhibit B**" outlines the Measure BB budget as revised and reported in the Committee's report dated March 11, 2010. In addition, actual spending as of December 31, 2010 is compared to the budgeted amounts in "**Exhibit B**".

As of December 31, 2010, the following amounts have been disbursed related to Measure BB (as summarized on the Attached "**Exhibit B**"):

Existing Debt: a total of \$5,149,856 from Measure BB funds was used to pay down the existing debt (incurred during previous MBUSD projects). Payments have and will be made to pay down the unretired debt during the years 2009 through 2016 in compliance with the financing agreement. These payments were made in compliance with the Measure BB guidelines.

Current Project Expenses: \$2,697,845 has been spent on the Measure BB initiatives through December 31, 2010. Expenditures to date include the following, as reported by MBUSD management, which are all within the expected spending levels:

Architect Fees	\$2,203,914
Engineer & Consultant Fees	134,520
Legal Fees	216,413
Construction	139,398
All Other	<u>3,600</u>
Total	\$2,697,845

V. Recent Committee Activities and Measure BB Highlights this Reporting Period

The following activities have been conducted and milestones achieved during the period from October 2010 through December 2010 by the Committee:

1. The Committee had one meeting during this quarter on October 11, 2010. Bernards management presented their most recent status report (#3), which reflects no changes to the previously reported plans or schedules.
2. The Committee reviewed the California Bond Oversight Committee "self evaluation checklist" for guidance. While the checklist does not include all actions required by bond oversight committees, it can be used as a guideline for procedures to be performed.
3. The Committee reviewed Measure BB-related information posted by MBUSD on its website and made recommendations for additional documents and information to be made available to or more readily accessible by the public.

VI. Committee Appointment and Membership

Pursuant to Proposition 39 and the MBUSD Bylaws, the Committee shall consist of at least seven members (and may be larger) to serve for a term of

two years, without compensation, and for no more than two consecutive terms. The Committee may not include any employer or official of the school district or any vendor, contractor, or consultant of the school district. The Committee must include all of the following:

- One member who is active in a business organization representing the business community located within the school district;
- One member active in a senior citizen's organization
- One member active in a bona fide taxpayer association;
- One member shall be the parent or guardian of a child enrolled in the district.
- One member shall be both a parent (or guardian) of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council.

As of the date of this report, there are thirteen Committee members, and all of the above committee member requirements have been met.

VII. Conclusion

It is the opinion of this Committee that:

- The projected budget for Measure BB is in compliance with Proposition 39 and with the Measure BB as approved by the Manhattan Beach community voters on November 4, 2008, with two exceptions: (1) an annual audit will need to be performed of the project spending, and (2) \$786,389 of existing bond interest payments will be paid from other MBUSD funds and not Measure BB funds. MBUSD management has made arrangements for an audit of Measure BB in conjunction with the audit of the MBUSD spending, and the audit was in process as of the date of this report.
- All Measure BB spending incurred as of December 31, 2010 appears to be appropriate based on the projected budget of Measure BB. Completion of the annual audit will provide an additional opinion as to its accuracy.
- The Committee and the Committee members meet the requirements as set forth in Proposition 39 and the Bylaws.
- The MBUSD Board and management have been cooperative with requests for information from the Committee, and have been attentive and responsive to the Committee's recommendations.

Draft

Respectively submitted by Measure BB Oversight Committee Members:

Robert Daviduk:	Parent of MBUSD student
Timothy Flake:	Parent of MBUSD student and PTA member
Michael Kling:	Parent of MBUSD student
Ed Lear:	Parent of MBUSD student
Tim Lilligren:	Manhattan Beach business member
Gary Osterhout:	Taxpayers' Organization member
Noel Palm:	Senior Citizens member
Kathleen Paralusz:	Manhattan Beach citizen
George Reppucci:	Manhattan Beach citizen
Kimberly Robinson:	Parent of MBUSD student and PTA member
Jim Sepanek:	Parent of MBUSD student
Rod Spackman:	Parent of MUUSD student
Rachel Vandenberg:	Parent of MBUSD student and PTA member

EXHIBIT "A"

PROJECT LIST

The District intends to use the proceeds of the Bonds to finance or refinance some or all of the below-listed projects, upon voter approval:

MIRA COSTA HIGH SCHOOL

NEW MATH/SCIENCE INSTRUCTIONAL BUILDING (Building A)

- Replace deteriorated, outdated classrooms with 20 new math/science classrooms
- Replace 58-year-old obsolete science labs with 6 new science labs aligned to current science curriculum standards and graduation requirements
- Construct 3 science/math teacher preparation rooms
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and improve energy efficiency to meet new construction high efficiency standards

NEW ACADEMIC INSTRUCTIONAL BUILDING (Building B)

- Replace aging classrooms with 27 new academic classrooms
- Construct a multi-purpose large lecture hall for large group instruction/events
- Construct 2 lecture classrooms.
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and improve energy efficiency to meet new construction, high efficiency standards

TECHNOLOGY UPGRADES: Improve educational technology infrastructure throughout campus, including upgrading outdated cable, fiber-optics, hardware, technology and telecommunications infrastructure

CAREER/TECHNICAL SKILLS CENTER: Repair and renovate large multi-purpose classroom for high-tech job training (Career Technical Education) including auto diagnostics, computer aided design (CAD), sheet metal fabrication, etc.

ARTS INSTRUCTIONAL BUILDING: Repair/renovate/reconfigure deteriorated 58-year old classrooms, studios, art labs, practice rooms, etc. in this building

SAFETY: Upgrade fire safety, emergency communications systems indoor/outdoor lighting, walkways, hardscape, fencing and security systems for improved safety/security

STUDENT SERVICES: Relocate/reconstruct/reconfigure school spaces/facilities to improve one-stop access for student support services—e.g. counseling, administration, special education, speech therapy, occupational therapy, health services, Independent Study, food services, etc.

HIGH SCHOOL MAINTENANCE BUILDING: reconstruct facility to replace 58-year old deteriorated, inadequate maintenance/grounds building.

DISTRICT-WIDE

- Pay or prepay certain existing long-term debt obligations of the District

AT LOCATIONS WHERE RENOVATION, MAJOR REPAIRS AND/OR NEW CONSTRUCTION IS UNDERTAKEN

- Remove hazardous materials (asbestos, lead, mold, mildew, etc.) where necessary
- Address unforeseen conditions revealed by construction/modernization (e.g. plumbing, or gas line breaks, dry rot, seismic structural, etc.)
- Improve schools as required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act
- Provide adequate furniture and equipment for all classrooms, and spaces to be newly constructed or reconstructed, including classroom technology, computer and science equipment, and book storage, and replacement of worn/broken/out-of-date furniture and equipment
- Demolition of existing buildings to be replaced
- Acquisition of any of the facilities on the Project List through temporary lease or lease-purchase arrangements, or execution of purchase options under a lease for any of these authorized facilities
- Necessary site preparation/restoration in connection with new construction, renovation or remodeling, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to property
- Replacement construction if Board of Trustees determines that replacement is more economical than rehabilitation/renovation of existing classrooms
- Provide temporary (interim) classrooms and other school facilities as needed to accommodate students and school functions displaced during construction

MBUSD Measure BB Oversight Committee
Exhibit B to Report Dated December 31, 2010
Actual Spending as of December 31 2010

Budget as of 9-27-09, revised 2-16-10

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
REVISED BOND PROJECT BUDGET

Exhibit B

	Budget	Revised Budget	Expenditures	Encumbrances	Balance Available
1 <u>Phase I:</u>					
2 meadows parking area	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
3 math science building	\$ 17,500,000	\$ -	\$ -	\$ -	\$ 17,500,000
4 peck ave parking and traffic management	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
5 m and o building and parameter fire lane	\$ 850,000	\$ -	\$ -	\$ -	\$ 850,000
6 Total Construction cost	\$ 18,800,000	\$ -	\$ -	\$ -	\$ 18,800,000
7 Construction Support and Services	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
8 Contingency	\$ 4,060,000	\$ -	\$ -	\$ -	\$ 4,060,000
9 Total Cost Phase I	\$ 24,360,000	\$ -	\$ -	\$ -	\$ 24,360,000
10 <u>Phase II:</u>					
11 modernization of finger buildings A, M, N	\$ 5,250,000	\$ -	\$ -	\$ -	\$ 5,250,000
12 administration building classrooms renovation	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
13 Total Construction cost	\$ 5,750,000	\$ -	\$ -	\$ -	\$ 5,750,000
14 Construction Support and Services	\$ 862,500	\$ -	\$ -	\$ -	\$ 862,500
15 Contingency	\$ 1,322,500	\$ -	\$ -	\$ -	\$ 1,322,500
16 Sub-total	\$ 7,935,000	\$ -	\$ -	\$ -	\$ 7,935,000
18 Renovation of English, foreign languages, and learning center	\$ 4,200,000	\$ -	\$ -	\$ -	\$ 4,200,000
19 Total Construction cost	\$ 4,200,000	\$ -	\$ -	\$ -	\$ 4,200,000
20 Construction Support and Services	\$ 840,000	\$ -	\$ -	\$ -	\$ 840,000
21 Contingency	\$ 1,008,000	\$ -	\$ -	\$ -	\$ 1,008,000
22 Sub-total	\$ 6,048,000	\$ -	\$ -	\$ -	\$ 6,048,000
23 Total Cost Phase II	\$ 13,983,000	\$ -	\$ -	\$ -	\$ 13,983,000
24 <u>Phase III:</u>					
24 Demolition of old administration building and buildings C, D, K	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
25 Renovation of Building S new career technical center	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000
26 Construction of multipurpose hall, satellite food service	\$ 2,900,000	\$ -	\$ -	\$ -	\$ 2,900,000
27 renovation to exterior of Cafeteria	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
28 Total Construction cost	\$ 4,250,000	\$ -	\$ -	\$ -	\$ 4,250,000
29 Construction Support and Services	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
30 Contingency	\$ 1,050,000	\$ -	\$ -	\$ -	\$ 1,050,000
31 Sub-total	\$ 6,300,000	\$ -	\$ -	\$ -	\$ 6,300,000
33 Hardscape and landscape of new commons	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
34 Campus wide safety improvements	\$ 500,000	\$ -	\$ -	\$ 43,805	\$ 456,195
35 furniture and equipment	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
36 Total Construction cost	\$ 2,300,000	\$ -	\$ -	\$ 43,805	\$ 2,256,195
37 Construction Support and Services	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
38 Contingency	\$ 520,000	\$ -	\$ -	\$ -	\$ 520,000
39 Sub-total	\$ 3,120,000	\$ -	\$ -	\$ 43,805	\$ 3,076,195
40 Total for Construction and Contingencies	\$ 9,420,000	\$ -	\$ -	\$ 43,805	\$ 9,376,195
41 Architect, CM, Services and Attorney	\$ 47,763,000	\$ -	\$ -	\$ 43,805	\$ 47,719,195
42 Architect, CM and Attorney Contingency	\$ 5,600,000	\$ 2,697,845	\$ -	\$ -	\$ 2,902,155
43 Available for Future Design Enhancement	\$ 1,120,000	\$ -	\$ -	\$ -	\$ 1,120,000
44 Grand Total	\$ 292,000	\$ -	\$ -	\$ -	\$ 292,000
	\$ 54,775,000	\$ 2,697,845	\$ 43,805	\$ 43,805	\$ 52,033,350
Debt Payments	\$ 12,705,000	5,149,856		0	\$ 7,555,144
Total Measure BB Proceeds & Forecasted Spending	\$ 67,480,000	\$ 7,847,701	\$ 43,805	\$ 43,805	\$ 59,588,494

Financial Reconciliation Schedule Through 12/31/10

MBUSD Measure BB
Spending by School Year
As of December 31, 2020

	School Yar 2009 / 2010				School Yar 2009 / 2010				Total Project To Date
	2009/10		2009/10		2010/11		2010/11		
		Adjust		Audited		Adjust		Final	
Arch Fees	409,214	404,596	813,810		1,794,700	(404,596)	1,390,104	2,203,914	
Legal	32,813		32,813		183,600		183,600	216,413	
Engineers	68,610	3,750	72,360		65,910	(3,750)	62,160	134,520	
Building Construction	0	46,466	46,466		139,398	(46,466)	92,932	139,398	
All Other	0	1,410	1,410		3,600	(1,410)	2,190	3,600	
Total	510,637	456,222	966,859		2,187,208	(456,222)	1,730,986	2,697,845	

Manhattan Beach Unified School District
Measure BB Oversight Committee
Report Dated March 31, 2011

Working Draft

I. Purpose of the Report

The Manhattan Beach Unified School District ("MBUSD") Resolution No. 2008-12 called for an election authorizing the issuance of general obligation bond of MBUSD at an election to be held November 4, 2008. The Bond Measure (more commonly referred to as "Measure BB"), which was passed by the voting residents of Manhattan Beach, read as follows:

"To attract and retain quality teachers, improve instruction, and ensure college and career readiness for local students, shall Manhattan Beach Unified School District rehabilitate 58-year old Mira Costa High School including replacing deteriorated classrooms with new classrooms and science labs, upgrading technology, replacing deteriorated plumbing/restrooms, and improving safety/energy-efficiency, by issuing \$67,480,000 in bonds at legal rates, with independent oversight, mandatory audits, no money for administrator salaries, and all funds staying local to improve Manhattan Beach schools."

In conjunction with the passing of Measure BB, the MBUSD Board appointed a Citizens Oversight Committee ("the Committee") to insure the MBUSD's compliance with Proposition 39 (as discussed below).

The purpose of this report is to inform the MBUSD Board and the public, concerning the expenditure of the bond proceeds and compliance with Proposition 39 and the MBUSD Measure BB Bylaws. This report addresses activities during the period from January 1, 2011 to March 31, 2011.

II. Purpose and Responsibility of the Committee

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Within the text of Proposition 39 various accountability requirements, including requirements for certain types of audits, were specifically required. In addition, Assembly Bill 1908 ("AB 1908") was passed, which provided additional requirements relative to school district general obligation bond elections conducted pursuant to Proposition 39. Those requirements included provisions for school districts conducting Proposition 39 elections and thereafter establishing and appointing members to a Citizens Oversight Committee.

Draft

As stated by AB 1908, the purpose of the Committee is to inform the public at least annually in a written report concerning the expenditure of the bond proceeds. In carrying out this purpose the Committee will:

- a. Actively review and report on the proper expenditure of the taxpayers' money for school construction.
- b. Advise the public as to whether the school district is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, which provides that: (i) bond funds are expended only 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; (ii) no bond funds are used for any teacher or administrative salaries or other school operating expenses; (iii) a list of projects to be funded was included in the ballot; (iv) an annual independent performance audit is performed; and (v) an annual independent financial audit is performed.

The Manhattan Beach Unified School District Board of Trustees ("the Board") has further clarified that the objectives for the Committee shall include the following purpose and goals:

Purpose: To ensure that General obligation Bond funds are used in accordance with the intention of the voters and with the highest possible level of efficiency so that Mira Costa High School is renovated and improved to better serve the educational needs of the students in our community.

Goals: To validate to the community and to the Board of Trustees that all funds are expended as stated in the bond proposal and as approved by voters on November 4, 2008.

To provide progress reports to the Board of Trustees, MBUSD staff, parents, and members of the community.

The MBUSD Board also established Bylaws for the Measure BB Committee which identified additional duties and responsibilities of the Committee. In addition to the responsibilities required by Proposition 39, the following are highlights from those Bylaws.

Committee's Mission: The Measure BB Committee is to independently review and authenticate the planning and execution of the MBUSD Measure BB bond program and inform the public and Board concerning the expenditure of bond proceeds and to ensure that such bond proceeds are expended in accordance with the intention of the voters and state law.

The Committee is required by Proposition 39 to issue a report on an annual basis. The Measure BB Committee By-Laws, however, require that a report be issued on a quarterly basis. The By-Laws require that each quarterly report

Draft

concern the events of the preceding calendar quarter, each report is to be issued within 60 days of the end of the calendar quarter to which it pertains.

At the time that Measure BB was approved by the voters, a list of proposed projects, along with the initial estimates of spending, was provided to the voters. The intent of the MBUSD was to allocate spending based on a preliminary construction plan for the high school. MBUSD is not required to complete all projects on the initially adopted project list, but Measure BB funds cannot be used for work outside of the project list. The Committee is required to report on whether the project expenditures are consistent with Measure BB.

Due to limited activity with the Measure BB Project in 2009 and 2010, and limited project spending during the months since Measure BB was adopted, this is the third report issued by the Committee. Future reports will be made on a quarterly basis or as the Committee deems necessary.

III. Project Highlights and Recent Developments

The Measure BB project involves three major construction projects: (1) addition of a math and science building, (2) modernization of the “finger buildings” and (3) modernization of the performing arts buildings and quad development. Each of these three projects contributes to the majority of the planned capital spending. Additional program elements and the full list of voter-approved projects, not all of which are required to be constructed as part of the Measure BB program, are presented in attached “**Exhibit A.**”

With construction scheduled to first begin on the new math and science building in June 2011, the primary Project activities in the first quarter of 2011 related to the final approval stages of the construction, as well as additional project budget updates. The Measure BB project design has and will continue to be lead by Harley Ellis Devereaux (“the Architect”), and has been organized into three phases.

The final phase of design (construction documents) was completed and submitted to the Division of State Architect (DSA) for approval on November 3, 2010. A full review by the DSA of the Measure BB construction documents continued during this reporting period, and the DSA has sent back portions of the reviewed plans with comments which are being addressed by the design team. The construction documents will be resubmitted to the DSA for back check and approval prior to bidding and construction.

Concurrent with the DSA review, Bernards performed a constructability review and provided comments to the design team that will be addressed prior to bidding and construction.

Draft

Based on the results and completion of the working drawings phase, Bernards completed their projection of total spending for the three primary construction projects. Bernards' projected spending by major construction projects varies from what was presented previously by the MBUSD Board. The spending variances were determined based on more specific information on design scope and materials as developed by the Architect.

A summary of the Bernards' budget, as compared to the most recent budget prepared and reported by the MBUSD Board, is as follows (amounts in thousands). The updated budget from Bernards was provided to the Committee at the March 14, 2011 Committee Meeting.

	<u>MBUSD</u>	<u>Bernards</u>
<u>Construction Costs:</u>		
Phase I	\$24,360	\$26,273
Phase II	13,983	6,924
Phase III	<u>9,420</u>	<u>15,182</u>
Sub-total Construction	\$47,473	\$48,379
All Soft Costs	<u>7,012</u>	<u>6,720</u>
Total Projection	\$54,775	\$55,099
Potential Cost Increase		\$324

The projected budget of Bernards, as reported in the previous report of the Committee, dated December 31, 2010, was \$53,945,000. The budget provided to the Committee in March 2011 totals \$55,099,000, which represents a potential cost growth of \$1,154,000. Due to the level of contingencies, MBUSD management believes that the change in estimate is not significant, as the change from the initial MBUSD budget is an incremental cost increase of \$324,000. In addition, since the Measure BB project is still in the pre-construction and bid stages, the MBUSD Board has elected to maintain the current budget until the Architect's independent estimate has been completed. Additionally, MBUSD staff is working with the Architect and Bernards to identify potential cost savings that would minimize impacts to project functionality and durability.

IV. Measure BB Project Scope, Budget and Spending Summary

The Measure BB initial project scope and budget, totaling \$67,480,000, included: (1) \$13,500,000 for the payoff of exiting debt and (2) \$53,980,000 for new construction and enhancements. The Attached "**Exhibit B**" outlines the Measure BB budget as revised and reported in the Committee's report dated March 11, 2010. In addition, actual spending as of December 31, 2010 is compared to the budgeted amounts in "**Exhibit B**".

Draft

As of March 31, 2011, the following amounts have been disbursed related to Measure BB (as summarized on the Attached "Exhibit B"):

Existing Debt: a total of \$5,149,856 from Measure BB funds was used to pay down the existing debt (incurred during previous MBUSD projects). Payments have and will be made to pay down the unretired debt during the years 2009 through 2016 in compliance with the financing agreement. These payments were made in compliance with the Measure BB guidelines.

Need
Financial
information
through March 31
to complete
& to
update
Exhibit B

NEED TO UPDATE: Current Project Expenses: \$2,697,845 has been spent on the Measure BB initiatives through December 31, 2010. Expenditures to date include the following, which are all within the expected spending levels:

Architect Fees	\$2,203,914
Engineer & Consultant Fees	134,520
Legal Fees	216,413
Construction Manager	139,398
All Other	<u>3,600</u>
Total	\$2,697,845

V. Recent Committee Activities and Measure BB Highlights this Reporting Period

The following activities have been conducted and milestones achieved during the period from January 2011 through March 2011 by the Committee:

1. The Committee held two meetings during the quarter: January 10, 2011 and March 14, 2011. Bernards presented their status update on January 10, and MBUSD management presented the updated budget and progress status report as prepared by Bernards on March 14.
2. The audit of the Measure BB spending was completed by the firm Vavrinek, Trine, Day & Co. ("the auditors"), and the report was issued December 20, 2010. The audit was performed using financial information as of June 30, 2010. The report includes a summary of the procedures performed by the auditors, which is attached as "Exhibit C". The auditors also adjusted the total spending reported as of June 30, 2010 for Measure BB, from \$510,637 to \$966,859. The adjustment does not reflect incremental spending, but an accrual of expenditures that shifted some spending from the third quarter of 2010 to the second quarter of 2010.
3. The Committee was presented with the background of the proposed "Lease / Leaseback" financing alternatives during the March 14

Committee meeting. MBUSD management and the Board will continue to pursue the bids provided by two organizations to provide the Lease / Leaseback financing for Measure BB. Bernards is one of the organizations being considered for the Lease / Leaseback agreement with MBUSD. If Bernards were to assume the new role, their continued involvement as construction manager would need to be reexamined.

4. The Committee has discussed the potential to form sub-committees within the Committee, as the Measure BB project increases in activities in the coming months. The Committee will discuss this further with MBUSD management and the Board at future meetings.

VI. Committee Appointment and Membership

Pursuant to Proposition 39 and the MBUSD Bylaws, the Committee shall consist of at least seven members (and may be larger) to serve for a term of two years, without compensation, and for no more than two consecutive terms. The Committee may not include any employer or official of the school district or any vendor, contractor, or consultant of the school district. The Committee must include all of the following:

- One member who is active in a business organization representing the business community located within the school district;
- One member active in a senior citizen's organization
- One member active in a bona fide taxpayer association;
- One member shall be the parent or guardian of a child enrolled in the district.
- One member shall be both a parent (or guardian) of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council.

As of the date of this report, there are thirteen Committee members, and all of the above committee member requirements have been met.

VII. Conclusion

It is the opinion of this Committee that:

- The projected budget for Measure BB is in compliance with Proposition 39 and with the Measure BB as approved by the Manhattan Beach community voters on November 4, 2008, with two exceptions: (1) an annual audit will need to be performed of the project spending since the most recent audit performed as of June 30, 2010, and (2) \$786,389 of existing bond interest payments will be paid from other MBUSD funds

and not Measure BB funds. MBUSD management has made arrangements for an audit of Measure BB in conjunction with the audit of the MBUSD spending, which was under review as of the date of this report.

- All Measure BB spending incurred as of March 31, 2011 appears to be appropriate based on the projected budget of Measure BB. Completion of the annual audit will provide an additional opinion as to its accuracy.
- The Committee and the Committee members meet the requirements as set forth in Proposition 39 and the Bylaws.
- The MBUSD Board and management have been cooperative with requests for information from the Committee, and have been attentive and responsive to the Committee's recommendations.

Respectively submitted by Measure BB Oversight Committee Members:

Robert Daviduk:	Parent of MBUSD student
Timothy Flake:	Parent of MBUSD student and PTA member
Michael Kling:	Parent of MBUSD student
Ed Lear:	Parent of MBUSD student
Tim Lilligren:	Manhattan Beach business member
Gary Osterhout:	Taxpayers' Organization member
Noel Palm:	Senior Citizens member
Kathleen Paralusz:	Manhattan Beach citizen
George Reppucci:	Manhattan Beach citizen
Kimberly Robinson:	Parent of MBUSD student and PTA member
Jim Sepanek:	Parent of MBUSD student
Rod Spackman:	Parent of MUUSD student
Rachel Vandenberg:	Parent of MBUSD student and PTA member

EXHIBIT "A"

PROJECT LIST

The District intends to use the proceeds of the Bonds to finance or refinance some or all of the below-listed projects, upon voter approval:

MIRA COSTA HIGH SCHOOL

NEW MATH/SCIENCE INSTRUCTIONAL BUILDING (Building A)

- Replace deteriorated, outdated classrooms with 20 new math/science classrooms
- Replace 58-year-old obsolete science labs with 6 new science labs aligned to current science curriculum standards and graduation requirements
- Construct 3 science/math teacher preparation rooms
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and improve energy efficiency to meet new construction high efficiency standards

NEW ACADEMIC INSTRUCTIONAL BUILDING (Building B)

- Replace aging classrooms with 27 new academic classrooms
- Construct a multi-purpose large lecture hall for large group instruction/events
- Construct 2 lecture classrooms.
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and improve energy efficiency to meet new construction, high efficiency standards

TECHNOLOGY UPGRADES: Improve educational technology infrastructure throughout campus, including upgrading outdated cable, fiber-optics, hardware, technology and telecommunications infrastructure

CAREER/TECHNICAL SKILLS CENTER: Repair and renovate large multi-purpose classroom for high-tech job training (Career Technical Education) including auto diagnostics, computer aided design (CAD), sheet metal fabrication, etc.

ARTS INSTRUCTIONAL BUILDING: Repair/renovate/reconfigure deteriorated 58-year old classrooms, studios, art labs, practice rooms, etc. in this building

SAFETY: Upgrade fire safety, emergency communications systems indoor/outdoor lighting, walkways, hardscape, fencing and security systems for improved safety/security

STUDENT SERVICES: Relocate/reconstruct/reconfigure school spaces/facilities to improve one-stop access for student support services—e.g. counseling, administration, special education, speech therapy, occupational therapy, health services, Independent Study, food services, etc.

HIGH SCHOOL MAINTENANCE BUILDING: reconstruct facility to replace 58-year old deteriorated, inadequate maintenance/grounds building.

DISTRICT-WIDE

- Pay or prepay certain existing long-term debt obligations of the District

AT LOCATIONS WHERE RENOVATION, MAJOR REPAIRS AND/OR NEW CONSTRUCTION IS UNDERTAKEN

- Remove hazardous materials (asbestos, lead, mold, mildew, etc.) where necessary
- Address unforeseen conditions revealed by construction/modernization (e.g. plumbing, or gas line breaks, dry rot, seismic structural, etc.)
- Improve schools as required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act
- Provide adequate furniture and equipment for all classrooms, and spaces to be newly constructed or reconstructed, including classroom technology, computer and science equipment, and book storage, and replacement of worn/broken/out-of-date furniture and equipment
- Demolition of existing buildings to be replaced
- Acquisition of any of the facilities on the Project List through temporary lease or lease-purchase arrangements, or execution of purchase options under a lease for any of these authorized facilities
- Necessary site preparation/restoration in connection with new construction, renovation or remodeling, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to property
- Replacement construction if Board of Trustees determines that replacement is more economical than rehabilitation/renovation of existing classrooms
- Provide temporary (interim) classrooms and other school facilities as needed to accommodate students and school functions displaced during construction

**ELECTION 2008, 2009 SERIES A GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
JUNE 30, 2010**

The Manhattan Beach Unified School District requested that the following agreed-upon procedures be performed:

Procedures Performed

1. Verify that the expenditure of funds was accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the Building Fund.
3. Select the expenditures at each location and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials and District resolutions that were distributed.

Results of Procedures

1. The General Obligation Bond fund expenditures were accounted for separately in the Building Fund of the District.
2. The net proceeds from the sale of the General Obligation Bonds were deposited into the appropriate accounts within the Building Fund and the Bond Interest and Redemption Fund.
3. Our review of the expenditures for the period ended June 30, 2010, did not reveal any items that were paid from the General Obligation Bond Funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on November 4, 2008.

**MINUTES TO BE APPROVED OF THE MEASURE BB OVERSIGHT COMMITTEE
MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
325 S. Peck Ave., Manhattan Beach, CA 90266
March 14, 2011
7:00 p.m.**

The Members of the Measure BB Bond Oversight Committee held its regularly scheduled meeting on Monday, March 14, 2011, at 325 S. Peck Avenue, Manhattan Beach, California. The following were present:

Members of the Committee	Ed Lear, George Reppucci, Michael Kling, Tim Lilligren, Kathleen Paralusz, Noel Palm, Rod Spackman (absent), Tim Flake, Gary Osterhout, Robert Daviduk, Kimberly Robinson, Jim Sepanek, and Rachel Vandenberg.
District Personnel	Steve Romines, Mike Matthews Sam Santana, legal counsel from Dannis, Wolliver, Kelley
Board of Trustees	Ida VanderPoorte
Call to Order	The meeting was called to order by Mr. Lear at 7:04 p.m.
Pledge of Allegiance	The Pledge of Allegiance was led by Mr. Lear.
Announcements and Communications	No public comments were made.
Presentation	<p>1. Presentation of Budget to Actuals and Timelines</p> <p>The Bernards monthly report was presented by Steve Romines. Latest cost estimate, as developed by the Construction Manager based on working drawings, is approximately \$300,000 higher than current budget. The Architect is preparing its own independent estimate of likely construction cost.</p> <p>Design drawings are in review by the Department of the State Architect (DSA). Remaining comments and discussions with DSA focus on resolving path of travel (ADA accessibility issues) for overall campus.</p> <p>The District is working with the Architect to examine certain wall finishes (interior and exterior) to reduce costs back to within budget. Science building as now designed includes an acrylic finish that is more expensive than standard plaster. The trade-offs of aesthetics, durability, and cost will be evaluated.</p> <p>Mr. Flake expressed concern that total estimated cost since last Bernard's report reflects an estimated total project cost of \$1.1 million higher than previous estimate. Changes in estimate are not clearly documented. The BOC discussed and concurred that greater rigor is needed in financial reporting by Bernards.</p> <p>Mr. Reppucci stressed that a change control process, and evidence of good</p>

controls, should be put into place now to avoid overruns.

In order to address this and other issues, Ms. Robinson suggested that now is the time for the BOC to revisit the set-up of subcommittees. In this way, the specialized expertise of BOC members can be used to provide focused review and recommendations to the District.

2. Lease, Leaseback Presentation

Mr. Sam Santana of Dannis, Wolliver, Kelley presented an overview of the structure, benefits, and potential risks of a Lease, Leaseback arrangement to deliver the Measure BB projects. (The presentation has been posted to the Measure BB Bond Oversight Committee site at <http://www.mbusd.org/uploads/filecontent/597253322.PPT>).

Requests for proposals (RFPs) for Lease-Leaseback delivery of the Measure BB projects were issued to three potential proposers. Two proposals (qualifications only, no pricing) have been received from McCarthy and Bernards.

Mr. Santana informed the BOC that Lease-Leaseback arrangements are commonly used for school bond measure projects because they allow school districts to select the most qualified bidder rather than requiring districts to accept the lowest responsive and responsible bidder. El Segundo, Redondo Beach, and Palm Springs are each using this contracting method to deliver their programs. Major benefits of Lease-Leaseback are budget certainty and construction quality.

R. Vandenberg expressed concern that Bernards' Lease-Leaseback proposal was a potential conflict with their ongoing role as Construction Manager. She elaborated that adequate support from Construction Manager was critical to support the District in managing the program, even before construction begins.

Committee Business

1. Preparation of Next Quarterly Report

Tim Flake reported on status of quarterly report. Financials have not yet been received from the District for the period ending December 31, 2010 so these could not be included in the report. After BOC discussion, it was agreed that the December 31, 2010 report would be finalized without financials. December 31, 2010 and March 31, 2011 financials will be included in the March 31, 2011 report.

2. Review of Core Assignment, in Particular BOC Protocol to Review Cash Expenditures

Mr. Lear requested input from BOC members on understanding of the committee's responsibility and expectations for receiving reports and reviewing details of District expenditures related to Measure BB. Mr. Osterhout noted that the BOC responsibilities include verification that Measure BB monies expended are used for the purposes intended. To

accomplish that, he suggested that the monthly report by Bernards should include an attachment that details vendor payments and purposed. Ms. Vandenberg concurred and suggested that the District could provide a standard General Ledger report for this purpose.

3. General Obligation Bonds Financial and Performance Audit for Year Ending June 30, 2010

The BOC received the Financial and Financial and Performance Audits for information and review. Mr. Flake notes that the auditor's report identified approximately \$500,000 in Architect and Construction Manager costs that were not captured in the BOC June 30, 2010 financials. This difference is based on earned services that the auditor identified to be accrued, but were not yet paid as of that date.

Mr. Reppucci noted some lack of clarity and typographic errors in the reports.

4. Agreement for Construction Management Services

The committee received a copy of the Construction Management Services contract, as executed by the District and Bernards, for information and review.

5. Approval of January 10, 2011 Bond Oversight Committee Meeting Minutes

Mr. Flake submitted a motion to approve the minutes of the prior Committee meeting. The motion was seconded by Ms. Robinson. After discussion, the minutes were unanimously approved as submitted.

Public Comments

None

Items for Future Meetings

The following items will be discussed at the next meeting:

1. BOC Report for Activities through December 31, 2010
2. BOC Report for Activities through March 31, 2011
3. Report by District of Detailed Measure BB Expenditures Bond Oversight December 31, 2010

The next regularly scheduled Committee meeting will be held on April 11, 2011.

Adjournment

Ms. Vandenberg moved to adjourn the meeting at 9:15 pm, seconded by Ms. Robinson and unanimously approved by the Bond Oversight Committee.