

# MENLO PARK CITY SCHOOL DISTRICT

## CITIZENS' BOND OVERSIGHT COMMITTEE - REGULAR MEETING

### AGENDA

Wednesday June 4<sup>th</sup>, 2014  
4:00-5:00 p.m.  
District Office  
181 Encinal Ave, Atherton, CA

Regular Bond Oversight Committee meetings are open to the public. Prior to any final action being taken on any item, or prior to moving on to a new item, members of the public in attendance are invited to address the Committee regarding items under consideration.

#### **I. CALL TO ORDER AND ROLL CALL**

Introductions.

#### **II. REVIEW AND AMEND THE AGENDA**

Amendments to the agenda may be made at this time.

#### **III. COMMENTS FROM THE AUDIENCE**

Under Comments from the Audience, the public may address the Committee on any subject not listed on the agenda. An individual may only address the Committee once under this item. Three (3) minutes may be allotted to each speaker but can be extended by a Committee member, if so desired. The Committee cannot act on non-agenda items and cannot respond to issues other than to provide general information. The individual shall state his/her name and address before addressing the Committee.

#### **IV. CONSENT AGENDA**

Information concerning the consent items listed below has been forwarded to each Board Member prior to the meeting for study. All items on the consent agenda are routine in nature and will be acted upon in one single motion. If any member of the Board, the Superintendent, or the public so requests, an item shall be removed from the consent agenda and will be placed on the regular order of business following the approval of the consent agenda for separate discussion and action.

#### **V. REPORTS/DISCUSSION ITEMS**

- A. Role and Duties of Citizens Bond Oversight Committee
  - 1. Proposition 39 (2000) and AB 1908
  - 2. By-Laws
  - 3. Ralph M. Brown Public Meeting Act
  - 4. Duties
    - i. Independent Financial and Performance Audits
    - ii. Annual Reports
    - iii. Regular Meetings
  - 5. District Support
- B. Bond Program Planning and Design Update
  - 1. Laurel ES Upper Campus
- C. Sales of School Bonds
- D. Budget Review
- E. Review/Discuss Expenditures Report to date

**MENLO PARK CITY SCHOOL DISTRICT**

**CITIZENS' BOND OVERSIGHT COMMITTEE - REGULAR MEETING**

**VI. ACTION ITEMS**

- A. Establish schedule and Elect Chair and Vice Chair

**VII. ADJOURNMENT**

Copies of materials for the Committee meeting are available at the District Office prior to the Committee meeting. The District Office is located at 181 Encinal Avenue, Atherton, California.

Bond Oversight Committee meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the Superintendent at least seven working days before the meeting by telephone at 321-7140 or by fax at 321-7184. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

# INTRODUCTION

On November 7, 2000, California voters reduced the voter approval threshold for school district and community college district general obligation bonds from two-thirds (2/3) voter approval to 55% voter approval. Proposition 39 amends article XVIII A of the California Constitution to allow for the levy of *ad valorem* taxes on real property in excess of the one percent (1%) limit to pay debt service on bonds issued for school construction with the approval of 55% of the votes cast.

The Legislature enacted Assembly Bill 1908 (Lempert), which establishes the issuance procedure for bonds authorized at an election requiring only 55% voter approval. (Ch. 44, Stats. 2000). The statute became operative upon the passage of Proposition 39. AB 1908 sets forth some important restrictions on the issuance of bonds that have been approved pursuant to Proposition 39. Subsequently, AB 2659 (Lempert) was passed by the legislature and signed by the Governor on September 22, 2000. AB 2659 amends certain provisions of AB 1908, as discussed below.

## ANALYSIS OF THE INITIATIVE AND LEGISLATION

Proposition 39. Proposition 39 amends portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education "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.

Pursuant to the requirements of Proposition 39, the local ballot measure must: 1) list the specific school facilities projects to be funded, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the list; 2) require that the governing board conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed; and 3) require that the governing board conduct an annual independent financial audit of the bond proceeds until all of the proceeds have been expended.<sup>1</sup> A copy of Proposition 39 is included in Appendix 1.

Education Code. AB 1908, as amended by AB 2659, provides the issuance procedure for bonds approved by a 55% vote. The legislation is set forth in Chapter 1.5 of Title 1, Division 1, Part 10 of the Education Code, commencing with Section 15264. The legislation does not replace existing law that provides for the issuance of general obligation bonds approved by a two-thirds vote, but it allows the governing board to make a choice between existing and new procedures at the time it calls the election. A school board may only proceed under the 55% election process upon a two-thirds vote of the Board members. Once a board decides to utilize the 55% bond option, it may not subsequently opt out of that procedure, even if the proposition ultimately obtains two-thirds voter approval. A copy of AB 1908 is included in Appendix 1.

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<sup>1</sup> Proposition 39 also requires every school district to make facilities available to charter schools. This requirement is discussed in more detail later in this handbook.

AB 2659 amends the tax rate limitation contained in AB 1908 by transforming what had been an absolute cap on the tax rate that may be levied to pay debt service on the bonds approved at a particular election. A district may only issue bonds using Proposition 39's 55% voter approval procedure if the district projects, at the time of issuance of the bonds, that the tax rate needed to pay debt service on the bonds will not, taking into account any increases in the tax base allowed under Prop. 13, exceed the applicable limit (\$60 per \$100,000 for unified school districts, \$30 per \$100,000 for elementary and high school districts)<sup>2</sup> A copy of AB 2659 is included in Appendix 1.

## **OPPORTUNITIES AND LIMITATIONS**

There are both opportunities and limitations associated with the new 55% bond approval process contained in Proposition 39 and the associated legislation. Members of the Legal Advisory Committee for the Coalition for Adequate School Housing (C.A.S.H.) have prepared this handbook to guide school district personnel through the decisions of whether and how to hold a Proposition 39 bond election.

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<sup>2</sup> AB 2659 amends Section 15268 of the Education Code (added by AB 1908), for example, to read, in pertinent part, as follows: "The bonds may only be issued if the tax rate levied ... [to pay debt service on the bonds approved] ... at a single election, would not exceed ... [\$30 per \$100,000] ... of taxable property when assessed valuation is projected by the district to increase in accordance with ... [Prop. 13]."

**MENLO PARK CITY SCHOOL DISTRICT**  
**CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS**

**Section 1. Committee Established.**

The Menlo Park City Elementary School District (the "District") was successful at the election conducted on November 5, 2013, in obtaining authorization from the District's voters to issue up to \$23 million aggregate principal amount of the District's general obligation bonds, pursuant to a greater than 55% vote. The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District established the Citizens' Bond Oversight Committee (the "Committee") at a regular meeting held on May 13, 2014 in order to satisfy the accountability requirements of Prop 39. The Board of Education of the Menlo Park City Elementary School District (the "Board") hereby adopts the Citizens' Bond Oversight Committee Bylaws setting forth the duties and rights of the Committee.

**Section 2. Purposes.**

The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the Ralph M. Brown Public Meetings Act of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee's purposes, set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the election are hereinafter referred to as "bond proceeds."

**Section 3. Duties.**

To carry out its stated purposes, the Committee shall perform the following duties:

**3.1 Review Expenditures.** The Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measure; (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenses; (c) bond proceeds are maximized.

**3.2 Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following: (a) A statement indicating whether the District is in compliance with the requirements of Article XIIA, Section 1(b)(3) of the California Constitution, and (b) A summary of the Committee's proceedings and activities for the proceeding year.

## **Section 4. Authorized Activities.**

**4.1** In order to perform the duties set forth in Section 3, the Committee may engage in the following authorized activities:

- (a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.
- (b) Inspect school site facilities and grounds for which bond proceeds have been or will be expended.
- (c) Review copies of deferred maintenance proposals or plans developed by the District.
- (d) Review the District's efforts to maximize bond proceeds in ways designed to: (1) reduce costs of professional fees; (2) encourage joint use of core facilities; (3) involve cost-effectiveness and efficiencies in site design; or (4) reduce costs to the bond funds for site acquisition or construction.

**4.2** Make requests for copies or inspection of District records.

## **Section 5. Membership.**

**5.1 Number.** The Committee shall consist of a minimum of 7 members appointed by the Board of Education based on criteria established by Prop 39, to with at least: (a) one representative of the business community within the District; (b) one person active in a senior citizen's organization; (c) one person active in a bona fide taxpayers' organization; (d) one person who is a parent or guardian of a child enrolled in the District; (e) one person who is a parent or guardian of a child enrolled in the School District and is active in a Parent-Teacher Organization or School Site Council.

### **5.2 Qualifications Standards.**

To be qualified, a member must be a resident of the District and at least eighteen (18) years of age.

The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

**5.3 Ethics; Conflicts of Interest.** By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§81000 et seq.) and to complete the Form 700 as required by all "designated employees" of the District.

**5.4 Term.** Except as otherwise provided herein, each member shall serve a term of two (2) years, beginning July 1. No member may serve more than two (2) consecutive terms.

At the Committee's first meeting, members will draw lots to select a minimum majority for an initial three (3) year term and the remaining members for an initial two (2) year term.

**5.5 Removal: Vacancy.** The Board may remove any Committee member for cause, including failure to attend Committee meetings. Upon a member's removal, his or her seat shall be declared vacant. The Board shall fill by appointment any vacancies on the Committee or any additional membership on the Committee.

**5.6 Compensation.** The Committee members shall not be compensated for their services.

## **Section 6. Meetings of the Committee.**

**6.1 Regular Meetings.** The Committee shall establish a schedule for the date and time of regular meetings to be held at least quarterly.

**6.2 Location.** All meetings shall be held at the Menlo Park City Elementary School District Board Room, located at 181 Encinal Ave, Atherton, California.

**6.3 Procedures.** All meetings shall be open to the public in accordance with the Ralph M. Brown Act, Government Code Section 54950 et seq. Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the number of Committee shall constitute a quorum for the transaction of any business except adjournment.

## **Section 7. District Support.**

**7.1** The District shall provide to the Committee necessary technical and administrative assistance as follows:

- (a) preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board,
- (b) provision of a meeting room, including any necessary audio/visual equipment,
- (c) preparation and copies of any documentary meeting materials, such as agendas and reports, and
- (d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.

**7.2** District staff shall attend Committee proceedings in order to report on the status of projects and the expenditures of bond proceeds.

## **Section 8. Reports.**

In addition to the Annual Report required in Section 3.2, the Committee shall report to the Board at least once per year in order to advise the Board on the activities of the Committee.

**Section 9. Officers.**

The Committee shall elect a chair and a vice-chair who shall act as chair only when the chair is absent, which positions shall continue for a one (1) year term. The vice chair shall normally succeed the chair annually.

**Section 10. Amendment of Bylaws.**

Any amendment to these Bylaws shall be approved by a vote of the Board.

**Section 11. Termination.**

The Committee shall automatically terminate and disband at the earlier of the dates when (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed.

THE  

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BROWN  

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ACT

OPEN MEETINGS FOR  
LOCAL LEGISLATIVE BODIES



**2003**

CALIFORNIA ATTORNEY  
GENERAL'S OFFICE

THE  

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BROWN  

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ACT

OPEN MEETINGS FOR  
LOCAL LEGISLATIVE BODIES

Office of the Attorney General  
Bill Lockyer  
Attorney General

Prepared by the Division of Civil Law

Chief Assistant Attorney General Andrea Lynn Hoch  
Deputy Attorney General Ted Prim, Editor



State of California  
**Office of the Attorney General**

Bill Lockyer  
Attorney General

Throughout California's history, local legislative bodies have played a vital role in bringing participatory democracy to the citizens of the state. Local legislative bodies - such as boards, councils and commissions - are created in recognition of the fact that several minds are better than one, and that through debate and discussion, the best ideas will emerge. The law which guarantees the public's right to attend and participate in meetings of local legislative bodies is the Ralph M. Brown Act.

While local legislative bodies generally are required to hold meetings in open forum, the Brown Act recognizes the need, under limited circumstances, for these bodies to meet in private in order to carry out their responsibilities in the best interests of the public. For example, the law contains a personnel exception based on notions of personal privacy, and a pending litigation exception based upon the precept that government agencies should not be disadvantaged in planning litigation strategy. Although the principle of open meetings initially seems simple, application of the law to real life situations can prove to be quite complex.

The purpose of this pamphlet is to provide a brief description of the Brown Act, along with a discussion of court decisions and opinions of this office that add to our understanding by applying it in specific factual contexts. We hope this pamphlet will assist both public officials and those who monitor the performance of local legislative bodies to minimize and resolve disputes over interpretations of the Brown Act. In recent years, both the California Supreme Court and the courts of appeal have recognized the benefit of pamphlets issued by our office. This recognition by the courts, along with many favorable comments from members of the public, strengthens our resolve to continue producing reliable informational materials on the Brown Act and other California laws. Publication of these materials constitutes a tradition of service that we value greatly.

Ideas and suggestions for future editions of this pamphlet are welcomed and should be addressed to the editor.

Sincerely,

**BILL LOCKYER**  
Attorney General

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## INTRODUCTION

This pamphlet concerns the provisions of the Ralph M. Brown Act, which govern open meetings for local government bodies. The Brown Act is contained in section 54950 et seq. of the Government Code. Accordingly, all statutory references in this pamphlet are to the Government Code unless otherwise noted. The pamphlet contains a table of contents, which may also serve as a topical outline for the reader. The pamphlet also includes a brief summary of the main provisions of the Brown Act, along with references to the appropriate Government Code sections and chapters of the text. The text includes a discussion of the law along with tips on how the law should be applied in particular situations. Numerous references are made to legal authorities throughout the text. A copy of the Brown Act in its entirety is set forth in the appendix to the pamphlet. Lastly, the pamphlet contains a table of authorities so that the reader can determine all of the places in the text where references are made to a particular authority.

In preparing this pamphlet, we relied on a variety of legal resources. Appellate court cases were consulted and are cited throughout the pamphlet. While most of the more significant cases are discussed, this pamphlet is not intended to be a compendium of all court cases in this area. In addition, we drew upon published opinions and unpublished letter opinions issued by this office. Attorney General opinions, unlike appellate court decisions, are advisory only and do not constitute the law of the state. However, with respect to the Brown Act, the courts have frequently adopted the analysis of Attorney General opinions, and have commented favorably on the service afforded by those opinions and this pamphlet. (*Bell v. Vista Unified School Dist.* (2000) 82 Cal.App.4th 672; *Freedom Newspapers v. Orange County Employees Retirement System* (1993) 6 Cal. 4th 821, 829.)

Published opinions are cited by volume and page number (e.g., 32 Ops.Cal.Atty.Gen. 240 (1958)). Unpublished letter opinions are cited as indexed letters by year and page number (e.g., Cal.Atty.Gen., Indexed Letter, No. IL 76-201 (October 20, 1976).) Published opinions are available through law libraries and some attorneys' offices. As a general rule, indexed letters are available only in the Office of the Attorney General. Copies may be obtained by a request to the Public Inquiry Unit of the Office of the Attorney General.

If you have specific questions or problems, the statutes, cases and opinions should be consulted. You also may wish to refer the matter to the attorney for the agency in question, a private attorney or the district attorney.

The pamphlet is current through January 2003 with respect to statutes, case law, and Attorney General opinions.

## SUMMARY OF KEY BROWN ACT PROVISIONS

### COVERAGE

#### PREAMBLE:

Public commissions, boards, councils and other legislative bodies of local government agencies exist to aid in the conduct of the people's business. The people do not yield their sovereignty to the bodies that serve them. The people insist on remaining informed to retain control over the legislative bodies they have created.	54950	Ch. I
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#### GOVERNING BODIES:

Includes city councils, boards of supervisors, and district boards. Also covered are other legislative bodies of local government agencies created by state or federal law.	54952(a)	Ch. I & II
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#### SUBSIDIARY BODIES:

Includes boards or commissions of a local government agency as well as standing committees of a legislative body. A standing committee has continuing subject matter jurisdiction or a meeting schedule set by its parent body. Less-than-a-quorum advisory committees, other than standing committees, are exempt.	54952(b)	Ch. II
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#### PRIVATE OR NONPROFIT CORPORATIONS OR ENTITIES:

Covered only if:

- |   |                |        |
|---|----------------|--------|
| a. A legislative body delegates some of its functions to a private corporation or entity; or  | 54952(c)(1)(A) | Ch. II |
| b. If a legislative body provides some funding to a private corporation or entity and appoints one of its members to serve as a voting member of entity's board of directors. | 54952(c)(1)(B) |        |

**MEETING DEFINED**

**INCLUDES:**

Any gathering of a quorum of a legislative body to discuss or transact business under the body’s jurisdiction; serial meetings are prohibited. 54952.2 Ch. III

**EXEMPTS:**

- (1) Individual contacts between board members and others which do not constitute serial meetings; 54952.2(c)(1) Ch. III
- (2) Attendance at conferences and other gatherings which are open to public so long as members of legislative bodies do not discuss among themselves business of a specific nature under the body’s jurisdiction; 54952.2(c)(2), (3) and (4)
- (3) Attendance at social or ceremonial events where no business of the body is discussed. 54952.2(c)(5)

**LOCATIONS OF MEETINGS:**

A body must conduct its meetings within the boundaries of its jurisdiction unless it qualifies for a specific exemption. 54954 Ch. IV

**TELECONFERENCE MEETINGS:**

Teleconference meetings may be held under carefully defined conditions. The meeting notice must specifically identify all teleconference locations, and each such location must be fully accessible to members of the public. 54953 Ch. III

**PUBLIC RIGHTS**

**PUBLIC TESTIMONY:**

Public may comment on agenda items before or during consideration by legislative body. Time must be set aside for public to comment on any other matters under the body’s jurisdiction. 54954.3 Ch. IV & V

NON-DISCRIMINATORY FACILITIES:

Meetings may not be conducted in a facility that excludes persons on the basis of their race, religion, color, national origin, ancestry, or sex, or that is inaccessible to disabled persons, or where members of the public may not be present without making a payment or purchase. 54953.2; 54961 Ch. V

COPY OF RECORDING:

Public may obtain a copy, at cost, of an existing tape recording made by the legislative body of its public sessions, and to listen to or view the body's original tape on a tape recorder or viewing device provided by the agency. 54953.5 Ch. V

PUBLIC VOTE:

All votes, except for those cast in permissible closed session, must be cast in public. No secret ballots, whether preliminary or final, are permitted. 54953(c) Ch. VI

CLOSED MEETING ACTIONS/DOCUMENTS:

At an open session following a closed session, the body must report on final action taken in closed session under specified circumstances. Where final action is taken with respect to contracts, settlement agreements and other specified records, the public may receive copies of such records upon request. 54957.1 Ch. IV, V & VI

TAPING OR BROADCASTING:

Meetings may be broadcast, audio-recorded or video-recorded so long as the activity does not constitute a disruption of the proceeding. 54953.5; 54953.6 Ch. V

CONDITIONS TO ATTENDANCE:

Public may not be asked to register or identify themselves or to pay fees in order to attend public meetings. 54953.3; 54961 Ch. V

PUBLIC RECORDS:

Materials provided to a majority of a body which are not exempt from disclosure under the Public Records Act must be provided, upon request, to members of the public without delay. 54957.5 Ch. V

**REQUIRED NOTICES AND AGENDAS**

**REGULAR MEETINGS:**

Agenda containing brief general description (approximately twenty words in length) of each matter to be considered or discussed must be posted at least 72 hours prior to meeting. 54954.2 Ch. IV

**SPECIAL MEETINGS:**

Twenty-four hour notice must be provided to members of legislative body and media outlets including brief general description of matters to be considered or discussed. 54956 Ch. IV

**EMERGENCY MEETINGS:**

One hour notice in case of work stoppage or crippling activity, except in the case of a dire emergency. 54956.5 Ch. IV

**CLOSED SESSION AGENDAS:**

All items to be considered in closed session must be described in the notice or agenda for the meeting. A model format for closed-session agendas appears in section 54954.5. Prior to each closed session, the body must orally announce the subject matter of the closed session. If final action is taken in closed session, the body generally must report the action at the conclusion of the closed session. 54954.2; 54954.5; 54957.1 and 54957.7 Ch. IV

**AGENDA EXCEPTION:**

Special procedures permit a body to proceed without an agenda in the case of emergency circumstances, or where a need for immediate action came to the attention of the body after posting of the agenda. 54954.2(b) Ch. IV

## **CLOSED-SESSION MEETINGS**

### **PERSONNEL EXEMPTION:**

The body may conduct a closed session to consider appointment, employment, evaluation of performance, discipline or dismissal of an employee. With respect to complaints or charges against an employee brought by another person or another employee, the employee must be notified, at least 24 hours in advance, of his or her right to have the hearing conducted in public. 54957 Ch. VI

### **PUBLIC SECURITY:**

A body may meet with law enforcement or security personnel concerning the security of public buildings and services. 54957 Ch. VI

### **PENDING LITIGATION:**

A body may meet in closed session to receive advice from its legal counsel concerning existing litigation, initiating litigation, or situations involving a significant exposure to litigation. The circumstances which constitute significant exposure to litigation are expressly defined in section 54956.9(b)(3). 54956.9 Ch. VI

### **LABOR NEGOTIATIONS:**

A body may meet in closed session with its negotiator to consider labor negotiations with represented and unrepresented employees. Issues related to budgets and available funds may be considered in closed session, although final decisions concerning salaries of unrepresented employees must be made in public. 54957.6 Ch. VI

### **REAL PROPERTY NEGOTIATIONS:**

A body may meet in closed session with its negotiator to consider price and terms of payment in connection with the purchase, sale, exchange or lease of real property. 54956.8 Ch. VI

**REMEDIES AND SANCTIONS**

**CIVIL REMEDIES:**

Individuals or the district attorney may file civil lawsuits for 54960; Ch. VII  
injunctive, mandatory or declaratory relief, or to void action 54960.1  
taken in violation of the Act.

Attorneys' fees are available to prevailing plaintiffs. 54960.5

**CRIMINAL SANCTIONS:**

The district attorney may seek misdemeanor penalties against 54959 Ch. VII  
a member of a body who attends a meeting where action is  
taken in violation of the Act, and where the member intended  
to deprive the public of information which the member knew  
or has reason to know the public was entitled to receive.

**Return to Main Body**

Measure "U" Bond Program  
Citizens' Bond Oversight Committee  
2012 ANNUAL REPORT



**DUPLICATE**  
*Sample*

Submitted to the  
Menlo Park City School District Board of Education

March 12, 2013

Citizens' Bond Oversight Committee

**Kim Guthrie**  
School Leadership Organizations (PTO)

**Kimberly Hartz**  
Parent in the District

**Eric Olson**  
Parent in the District

**Tracy Tefertiller**  
Parent in the District

**Open Position**  
Senior Citizens' Organization

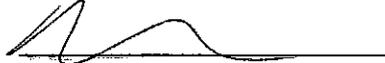
**Open Position**  
Bona Fide Taxpayers' Organization

**Open Position**  
Business Community

**Statement of Compliance**

This Annual Report is submitted to the Board of Education by the Menlo Park City School District Measure "U" Citizens' Bond Oversight Committee.

The Committee advises that, to the best of its knowledge, the Menlo Park City School District is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution. Furthermore, the Committee has reviewed expenditure reports produced by the District to ensure that (a) bond proceeds have been expended only for the purposes set forth in the ballot measure; (b) and not for any other purposes, including teacher and administrative salaries and other school operating expenses; (c) and that bond proceeds have been maximized. A summary of the Committee's proceedings and activities for the 2011 year is provided below.

Respectfully Submitted: 

Eric Olson, Chair

Measure "U" Citizens' Bond Oversight Committee

Date: 3/12/13

**Summary of the Committee's Proceedings and Activities for 2012**

The Menlo Park City School District was successful at the election conducted on June 6, 2006, in obtaining authorization from the District's voters to issue up to \$91.1 million aggregate principal amount of the District's general obligation bonds, pursuant to a greater than 55% vote. The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District established the Citizens' Bond Oversight Committee (the "Committee") and By-laws at a regular meeting of the Board of Education held on October 11, 2006, in order to satisfy the accountability requirements of Prop 39.

To satisfy Prop 39 requirements, the Committee has met quarterly and reviewed expenditure reports, been updated on the Bond Program's progress (planning, design, and construction) and visited project sites to verify work progress

**Meetings of the Proposition 39 Citizens' Bond Oversight Committee**

The Committee conducts its meetings in accordance with provisions of the Ralph M. Brown Public Meetings Act, contained in Section 54950 et seq. of the Government Code. Meeting notices and agendas are sent to members of the Committee, local newspapers, the Atherton Town Library and the Menlo Park City Library within the required period of time and posted at the Menlo Park City School District Office. Meeting notices, agendas, minutes and all documents and reports received by the committee members are a matter of public record and are available at the Menlo Park City School District Office.

**January 30, 2012 (Regular Meeting) – District Office, TERC Conference Room**

- Approval of Minutes from the December 9, 2011, Committee Meeting
- Update on Measure U Bond Program Planning & Construction
- Review of Expenditure Reports and Monthly Construction Reports
- Review Prop 39/Measure U Bond Proceeds & Facilities Program Audit Report

**Documents Received During Meeting:**

- Minutes from the December 9, 2011, Committee Meeting
- Expenditure Reports to Date
- Construction Management Reports to Date
- Prop 39/Measure U Audit Report through June 30, 2011

**April 23, 2012 (Regular Meeting)- District Office, TERC Conference Room**

- Approval of Minutes from the January 30, 2012, Committee Meeting
- Scheduled future BOC meetings
- Update on Measure U Bond Program Planning & Construction & Summer 2012
- Project Closeout Update
- Review of Expenditure Reports and Monthly Construction Reports
- Discussed Recruitment Efforts

**Documents Received During Meeting:**

- Minutes from the January 30, 2012, Committee Meeting
- Expenditure Reports to Date
- Construction Management Reports to Date

**July 9, 2012 (Regular Meeting) – District Office, TERC Conference Room**

- Approval of Minutes from the April 23, 2012 Committee Meeting
- Scheduled future BOC meetings
- Update on Measure U Bond Program Planning & Construction & Summer 2012
- Project Closeout Update
- Facility Master Planning Update
- Review of Expenditure Reports and Monthly Construction Reports
- Discussed Recruitment Efforts

Documents Received During Meeting:

- Minutes from April 23, 2012 Committee Meeting
- Expenditure Reports to Date
- Monthly Construction Reports to Date

**October 16, 2012 (Regular Meeting) – District Office, TERC Conference Room**

- Approval of Minutes from the July 9, 2012, Committee Meeting
- Update on Measure U Bond Program Planning & Construction
- Project Closeout Update
- Facility Master Planning Update
- Discuss Preparation of 2012 Annual Report
- Discuss Dissolution of BOC Committee
- Review of Expenditure Reports and Monthly Construction Reports

Documents Received During Meeting:

- Minutes from the July 9, 2012 Committee Meeting
- Expenditure Reports to Date
- Monthly Construction Reports to Date



## Menlo Park City School District General Obligation Bonds (2013 Election) Series A

### Market Overview and Pricing Results

#### FINANCING OVERVIEW

- On 3/19/2014, the Menlo Park City School District (the "District") sold \$23 million of General Obligation Bonds from its 2013 Measure W Bond Election
  - Funds will be used towards the construction of a new school at the current O'Connor site and improvements at the existing campuses
- The Bonds priced at an average borrowing cost of 3.82% (pricing comparables provided on the following page)

#### SOLID FINANCING STRUCTURE

- Structured to create a level tax rate based on conservative long-term tax base growth of 3.75%
- The District achieved more aggressive interest rates than originally projected resulting in an actual tax rate projection of \$8.35 per \$100,000 A.V.
  - Estimate at the time of the election was \$8.70 per \$100,000 A.V.
- Utilized a short 24.5 year term and used Current Interest Bonds to achieve a lower borrowing cost
- Bond insurance was not needed to secure the lowest interest rates possible due to the District's strong credit ratings, saving significant money for the community

#### ACHIEVED HIGHEST BOND RATINGS AVAILABLE

- Achieved credit rating of "AAA" from Standard & Poor's
  - Very strong property wealth and income levels due to proximity and integration into Silicon Valley economy
  - Revenue flexibility due to "basic aid" status, provides revenues above the state per pupil funding formula
  - Very strong unreserved general fund balance and limited funding dependence from the federal government
- Achieved credit rating of "Aa1" from Moody's Investor Service
  - Large tax base experiencing robust economic growth
  - Diverse revenue stream and conservative fiscal management have generated strong financial performance
  - Low debt burden is projected to further decline
- Potential credit challenges cited by Moody's include:
  - A reversal in tax base growth, leading to loss of basic aid status can put downward pressure on the rating

#### MUNICIPAL MARKET CONDITIONS

- The 2014 Bonds were priced on 3/19/2014
- Light municipal market supply since the beginning of the year
  - California supply = \$153.9 million vs. \$504.0 million the same week a year earlier
  - National supply = \$5.0 billion vs. \$12.0 billion the same week a year earlier
- Strategically priced the bonds prior to the release of the FMOC minutes at 11AM the morning of pricing, which resulted in a market sell-off by the end of day
  - The District and DLR locked-in rates by 10AM, insulating the District from any future market risk
  - MMD Index increased up to 7 basis points at market close

#### DISTRIBUTION RESULTS

- Bonds were placed with professional retail and institutional investors
  - \$4.3 million or 19% purchased by professional retail investors
  - \$16.0 million or 70% purchased by institutional investors
- Remaining bonds were underwritten by De La Rosa & Co. in order to maintain interest rate levels
  - \$2.7 million or 90% to 100% of the bonds in the early and middle maturities (2015, 2018, 2026 and 2028)

*De La Rosa & Co. is providing the information in this document for discussion purposes in anticipation of serving as an underwriter to you. In our capacity as underwriter, we will be acting as a principal in a commercial, arms-length transaction and not as a municipal advisor, financial advisor or fiduciary to you. The information we provide is not intended to be and should not be construed as "advice" within the meaning of the Securities Exchange Act of 1934. We encourage you to consult with your own legal, accounting, tax, financial and other advisors, as applicable, to the extent you deem appropriate. Pursuant to MSRB Interpretive Notice 2012-25 of its Rule G-17, if hired by you as an underwriter, we would be required to seek your written acknowledgement of receipt of certain of these and other disclosures.*

### Final Pricing Comparables

Sale Date	03/19/14					03/12/14					02/12/14					12/10/13					12/10/13				
Name	Menlo Park City SD					Sequoia UHSD					Palos Verdes USD					San Mateo UHSD					San Mateo UHSD				
Amount	\$23,000,000					\$105,810,000					\$13,010,000					\$85,005,000					\$33,200,000				
Type	GO					GO					GO					GO					GO				
Underlying	Aa1/AAA					Aa1/AA					Aa1/AA+					Aa1/AA+					Aa1/AA+				
Insurance	Non-Insured					Non-Insured					Non-Insured					Non-Insured					Non-Insured				
Call Feature	7/1/24 @ 100					7/1/2024 @ 100					9/1/2024 @ 100					9/1/2023 @ 100					9/1/2023 @ 100				
Maturity	Coupon	Yield	YTM	Spread	YTM Spread	Coupon	Yield	YTM	Spread	YTM Spread	Coupon	Yield	YTM	Spread	YTM Spread	Coupon	Yield	YTM	Spread	YTM Spread	Coupon	Yield	YTM	Spread	YTM Spread
2015	3.00%	0.15%		-0.02%		2.00%	0.15%		-0.02%							4.00%	0.44%		0.03%		4.00%	0.44%		0.03%	
2016	4.00%	0.23%		-0.08%		2.00%	0.22%		-0.06%																
2017	5.00%	0.47%		-0.09%		3.00%	0.45%		-0.08%		4.00%	0.56%		-0.01%		4.00%	0.44%		0.03%						
2018	3.00%	0.77%		-0.09%		3.00%	0.75%		-0.09%		4.00%	0.87%		-0.05%											
2019	3.00%	1.08%		-0.10%		4.00%	1.06%		-0.09%		5.00%	1.20%		-0.01%		5.00%	1.48%		0.05%						
2020	2.00%	1.46%		-0.12%		3.00%	1.47%		-0.07%		5.00%	1.61%		0.00%		5.00%	1.90%		0.05%						
2021	2.00%	1.82%		-0.11%		5.00%	1.85%		-0.05%		5.00%	1.95%		0.01%		5.00%	2.27%		0.08%						
2022	5.00%	2.11%		-0.10%		5.00%	2.19%		-0.02%		5.00%	2.28%		0.04%		5.00%	2.57%		0.12%						
2023	5.00%	2.33%		-0.05%		5.00%	2.40%		0.00%		5.00%	2.51%		0.07%		5.00%	2.81%		0.15%						
2024	5.00%	2.54%		0.00%		5.00%	2.55%		0.00%		5.00%	2.67%		0.07%							5.00%	3.07%	3.21%	0.23%	0.37%
2025	5.00%	2.66%	2.82%	0.00%	0.16%	5.00%	2.70%	2.86%	0.03%	0.19%	5.00%	2.87%	3.01%	0.14%	0.28%	5.00%	3.30%	3.53%	0.33%	0.56%	5.00%	3.30%	3.53%	0.33%	0.56%
2026	2.75%	2.98%		0.20%		5.00%	2.85%	3.12%	0.06%	0.33%	5.00%	3.03%	3.27%	0.18%	0.42%	5.00%	3.47%	3.76%	0.37%	0.66%	5.00%	3.52%	3.79%	0.42%	0.69%
2027	5.00%	2.88%	3.25%	0.01%	0.38%	3.00%	3.17%		0.28%		5.00%	3.17%	3.48%	0.21%	0.52%	5.00%	3.64%	3.96%	0.39%	0.71%	5.00%	3.69%	3.99%	0.44%	0.74%
2028	3.00%	3.33%		0.36%		3.25%	3.35%		0.37%							5.00%	3.73%	4.07%	0.36%	0.70%	5.00%	3.81%	4.13%	0.44%	0.76%
2029	5.00%	3.24%	3.68%	0.16%	0.60%	3.25%	3.45%		0.36%							5.00%	3.88%	4.22%	0.39%	0.73%					
2030	5.00%	3.34%	3.81%	0.17%	0.64%	4.00%	3.59%	3.71%	0.40%	0.52%						5.00%	3.99%	4.32%	0.39%	0.72%					
2031	5.00%	3.43%	3.92%	0.17%	0.66%	4.00%	3.68%	3.79%	0.40%	0.51%						5.00%	4.08%	4.41%	0.39%	0.72%					
2032	5.00%	3.51%	4.01%	0.17%	0.67%	4.00%	3.76%	3.85%	0.40%	0.49%															
2033	5.00%	3.57%	4.08%	0.16%	0.67%	4.00%	3.83%	3.89%	0.40%	0.46%															
2034						4.00%	3.88%	3.93%	0.40%	0.45%											5.00%	4.23%	4.53%	0.41%	0.71%
2035						4.00%	3.93%	3.96%	0.40%	0.43%															
2036																									
2037																									
2038	4.00%	4.12%		0.49%																					
2039																									
2040																									
2041																					5.00%	4.54%	4.77%	0.40%	0.63%

Menlo Park City School District  
**Consolidated Expenditure Detail**  
 Budgets by Fund, and Expenditures by Object Code

Printed: 5/29/2014

WARNING: (1) Budget Not Balanced (2) Unposted  
 Changes (4) Cashflow Not positive (5) No Working  
 Budget

Code		Category - Item		O'Connor - O'Connor		
<b>Funding Sources</b>						
Fund Code	Description	Budget				
<b>Total Funding Sources</b>		<b>26,224,420</b>				
<b>State</b>	<b>State</b>	<b>-</b>				
35	State School Facilities Prog	-				
<b>Local</b>	<b>Local</b>	<b>26,224,420</b>				
01	General Fund	-				
14	Deferred Maintenance	-				
21	General Obligation Bonds	24,316,106				
25	Developer Fees	750,000				
40	Special Reserve for Facilities	1,158,314				
<b>Expenditures</b>						
Object Code	Description	Budget	Committed	Expended	Remaining	Variance
<b>Total Expenditures</b>		<b>26,224,420</b>	<b>718,698</b>	<b>401,592</b>	<b>317,106</b>	<b>25,505,722</b>
<b>A</b>	<b>Site Costs</b>	<b>115,000</b>	<b>107,626</b>	<b>87,618</b>	<b>20,008</b>	<b>7,374</b>
6110	Purchase Price of Property	-	-	-	-	-
6120	Appraisal Fees	-	-	-	-	-
6130	Escrow Costs	-	-	-	-	-
6140	Surveying Costs	35,000	27,995	27,456	539	7,005
6150	Site Support Costs	60,000	23,050	14,775	8,275	36,950
6173	Hazard Waste Removal	20,000	56,581	45,387	11,194	(36,581)
6190	Other Costs - Site	-	-	-	-	-
<b>B</b>	<b>Planning Costs</b>	<b>1,847,000</b>	<b>558,900</b>	<b>265,015</b>	<b>293,885</b>	<b>1,288,100</b>
6210	Architect / Engineering Fees	1,520,000	538,000	249,131	288,869	982,000
6230	DSA Fees	135,000	-	-	-	135,000
6240	CDE Fees	13,000	-	-	-	13,000
6245	Energy Analysis	-	-	-	-	-
6250	Preliminary Tests	-	-	-	-	-
6255	Geotechnical Engineering Svs	20,000	17,500	12,484	5,016	2,500
6260	Other Costs - Planning	159,000	3,400	3,400	-	155,600
<b>C</b>	<b>Construction Costs</b>	<b>21,080,000</b>	<b>52,172</b>	<b>48,959</b>	<b>3,213</b>	<b>21,027,828</b>
6270	Main Construction Contractor	19,950,000	-	-	-	19,950,000
6272	Construction Management Fees	760,000	52,172	48,959	3,213	707,828
6273	Hazard Waste Removal	-	-	-	-	-
6274	Demolition	-	-	-	-	-
6275	Other Costs - Construction	350,000	-	-	-	350,000
6276	Interim Housing	20,000	-	-	-	20,000
6278	Labor Compliance Program	-	-	-	-	-
<b>D</b>	<b>Construction Testing Costs</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,000</b>
6280	Construction Tests	190,000	-	-	-	190,000
<b>E</b>	<b>Construction Inspection Costs</b>	<b>340,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,000</b>
6285	Inspections	340,000	-	-	-	340,000
<b>F</b>	<b>Furniture &amp; Equipment Costs</b>	<b>464,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464,000</b>
6410	Furniture & Equipment	190,000	-	-	-	190,000
6415	Technology Equipment	274,000	-	-	-	274,000
<b>G</b>	<b>Project Contingency</b>	<b>2,188,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,188,420</b>
6999	Project Contingency	2,188,420	-	-	-	2,188,420
<b>Balance Remaining</b>						
<b>Balance Remaining</b>		<b>-</b>				