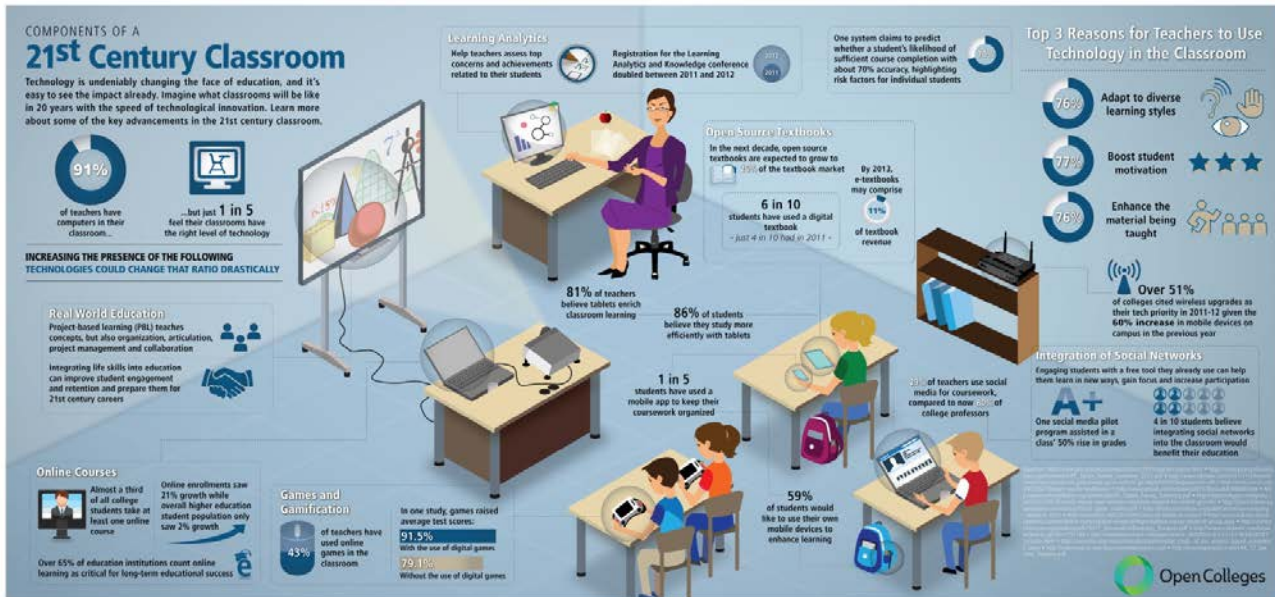


MORGAN HILL UNIFIED SCHOOL DISTRICT

MEASURE Q PROGRESS REPORT



MARCH 2014 REPORT

1.0 Program Summary

PROGRAM BACKGROUND

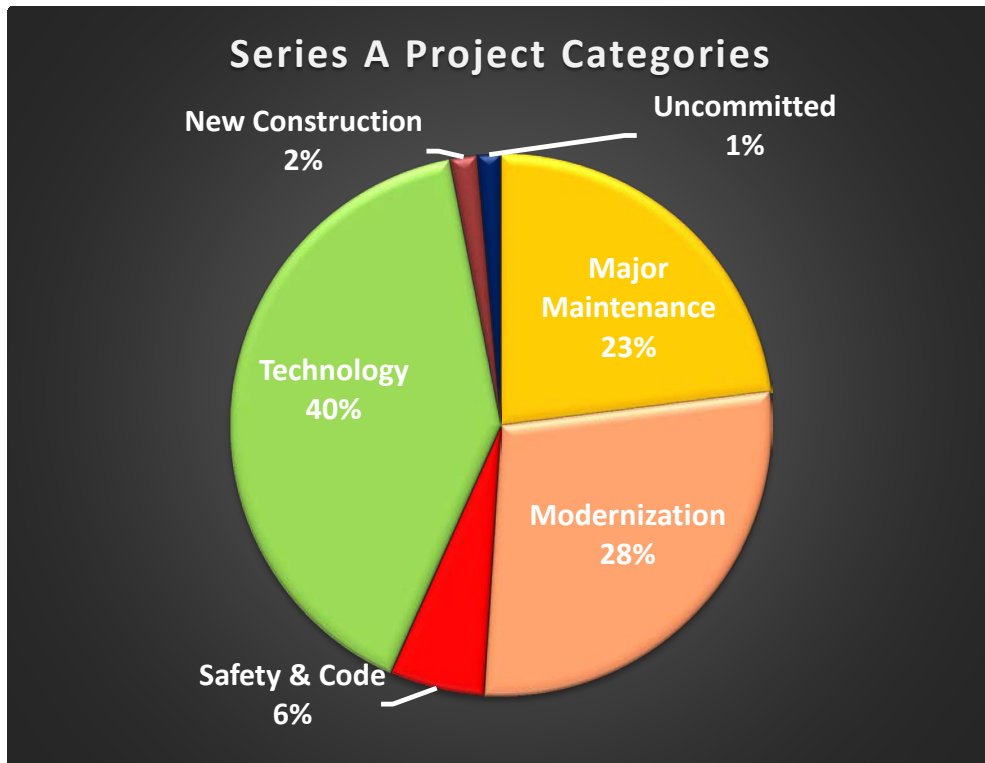
In November of 2012, the voters of the Morgan Hill Unified School Districts community passed a \$198.25 million General Obligation bond, Measure G, with 66% approval, to fund improvements for District facilities. The Measure G bond funds are planned to improve classroom technology, modernize buildings and infrastructure, improve energy efficiency, ADA access, and increase in classroom capacity. The District will leverage the Measure G funds and seek supplemental funding from other sources including the State of California, PG&E, and Federal Agencies.

Series A for Measure G will be paid off in 2042. The intent is to structure the issuance of Measure G bonds so that the cost to taxpayers does not exceed \$59.00 per \$100,000 of assessed valuation.

The District has committed to control of the bond program internally with support from industry professionals acting at their direction in a consulting role. The District will retain professionals with proven experience in the K-12 construction market for planning, design, program and construction management and quality assurance & controls. This allows the District to blend the benefit of lessons learned at peer institutions and industry trends with the District's historical knowledge base, local considerations and stakeholder input.

SERIES A BOND PROJECT LIST

The Morgan Hill Unified School District sold the first series of bonds in February 2013 for \$55,000,000. At the August 26, 2013 Board meeting the Board of Trustees approved the Series A Expenditure Plan – Option #2. The following chart represent the current authorized funding and project categories, through March 2014.



1.0 Program Summary

ORIGINAL SERIES A PROJECT LIST

The Morgan Hill Unified School District sold the first series of bonds in February 2013 for \$55,000,000. At the August 26, 2013 meeting the Board of Trustees approved the Series A Expenditure Plan and the following projects were approved and design commenced. The following Projects were not activated and their budgets have been reassigned, Transportation Site, Britton projects including modernization, restrooms and fencing.

| School / Project | | Project Budget |
|-------------------------------|------------|----------------|
| Burnett Modernization | | \$7,099,999 |
| Martin Murphy Fencing | | \$65,184 |
| Technology | District | \$13,831,200 |
| Technology | Contractor | \$7,832,179 |
| Jackson/Nordstrom/Paradise | Roof/HVAC | \$7,549,996 |
| Charter MUB | | \$5,000,000 |
| San Martin/Gwinn Mod | | \$1,999,999 |
| PA Walsh Mod | | \$3,600,000 |
| Original Project Budget Total | | \$46,978,557 |

REVISED SERIES A PROJECT LIST

During March of 2014 the Board revised the project list to include the following projects. This includes the design portion only for new multiuse buildings at Jackson, Nordstrom and Paradise Valley Elementary schools. The budget for constructing these three buildings will be funded from future bond sales. The PA Walsh Parking lot project will be a partnership with the City of Morgan Hill. **

| School / Project | | Project Budget |
|----------------------|----------------|----------------|
| San Martin/Gwinn | Admin/Outdoor | \$2,800,000 |
| PA Walsh | Parking ** | \$1,000,000 |
| Murphy | Roofing | \$1,050,000 |
| Los Paseos | Roofing | \$450,000 |
| J/N/PV - 3 sites | New MUB Design | \$900,000 |
| J/N/PV - 3 sites | Fire Alarm | \$1,050,000 |
| March Approved Total | | \$7,250,000 |
| Uncommitted Balance | | \$771,442 |

At the March 25, 2014 Board meeting the Board requested staff to conduct community outreach for the proposed new building at Britton Middle School. District staff proposed a new \$30M building in lieu of \$25M for renovating the existing buildings. The \$25M renovation costs were part of the Cumming Corporation Facility Assessment. The Board is currently considering investing \$750,000 from Series A to begin site planning, approvals and design of the new building. The construction funding would be furnished through a future bond issuance.

2.0 Financial Summary

FINANCIAL OVERVIEW

The voters of Morgan Hill approved Measure G with multiple bond sales supporting the need for improved facilities and 21ST century learning. The Measure G funds are planned for sale through four separate bond issuances over the next nine years from 2013 to 2022 and total \$198.25 million, subject to Board of Education approval. The first issuance, Series A included \$55 million dollars.

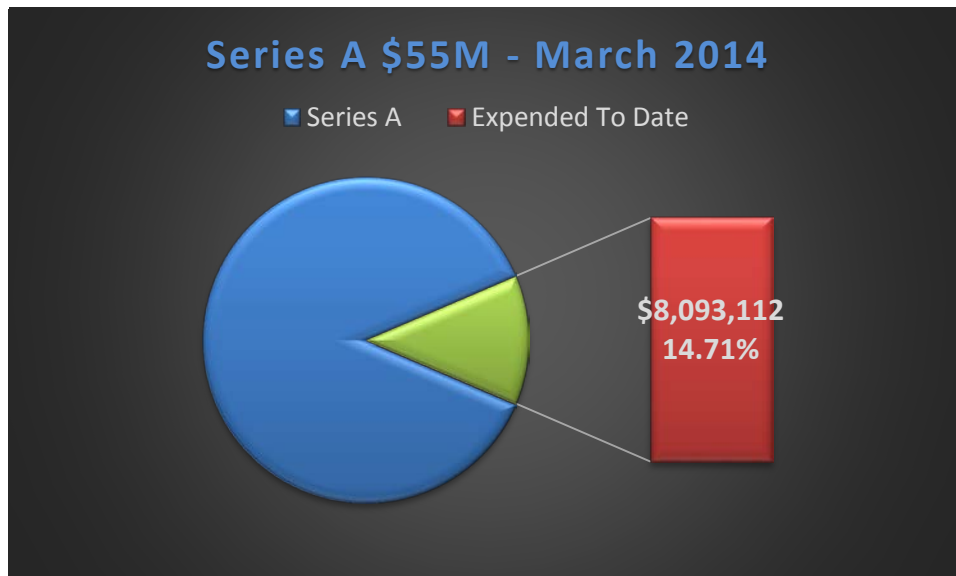
| Program Funding | Current Funding | Committed | Forecast to Complete | Funding Variance | Expended |
|------------------------------|----------------------|---------------------|----------------------|------------------|--------------------|
| Bond Series A | \$55,000,000 | \$55,000,000 | \$55,000,000 | (\$0) | \$8,093,112 |
| Bond Series B * | \$50,000,000 | | | | |
| Bond Series C * | \$50,000,000 | | | | |
| Bond Series D * | \$43,250,000 | | | | |
| Supplemental Funds ** | | | | | |
| Total Funds | \$198,250,000 | \$55,000,000 | \$55,000,000 | (\$0.00) | \$8,093,112 |

*=Proposed Bond Sale Value, subject to authorization by Board of Education

**=Supplemental Funds will be adjusted as they become available

EXPENDED TO DATE

Through March 30, 2014 the District has expended approximately \$8,093,112 since the Series A bonds were sold on February 21, 2013. This represents (14.71%) of the Series A funds and equals (4.08%) of the \$198.25 million Measure G Program funds.



3.0 Project Summary – Jackson, Nordstrom, Paradise Roof, HVAC and Restrooms



Project Number: G1408
Engineering Firm: Alfa Tech
Construction Manager: Mc Kim Design Group

Project Description:
 Removal & replace roofing and rooftop mechanical units on the pod shaped buildings. Also included is the renovation of restrooms at Jackson and Paradise, and ADA path of travel improvements.

Contractor: Multiple Prime

Project Budget Summary:

| | | | |
|----------------|-------------|----------------------|-----------|
| Current Budget | Commitments | Forecast to Complete | Balance |
| \$7,550,000 | \$6,226,233 | \$1,200,000 | \$123,767 |

Project Schedule Summary:

| 2013 | | | 2014 | | | | | | | | | | | |
|---------------------------|-----|-----|------|-----|-----|--------------|--------------|-----|-----|----------|----------|-----|-----|-----|
| Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Planned Project Schedule | | | | | | | | | | | | | | |
| Design | DSA | | | | Bid | Construction | | | | Closeout | | | | |
| Actual Project Schedule | | | | | | | | | | | | | | |
| Design | DSA | | | | | | | | | | | | | |
| Forecast Project Schedule | | | | | | | | | | | | | | |
| | | | | | | Bid | Construction | | | | Closeout | | | |

Updates/Notes:

- Project is beginning the bidding phase with 3 prime contracts.
- DSA backcheck is planned for middle of April.
- HVAC unit ordering & delivery is critical to timely completion.
- Site meeting with Principals planned for May to review construction logistics.

Safety:

- No worker lost time incidents and no recordable incidents reported

