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## Builders Want Changes to State's Lease-Leaseback Law

June 2, 2015 | By Hannah Furfaro | [www.FresnoBee.com](http://www.FresnoBee.com)

### Highlights:

- California building organizations hope to change school construction law
- The changes would follow an appellate court opinion that slams Fresno Unified's use of lease-leaseback
- Whether any lawmakers would propose new legislation or tweak existing bills isn't clear

**EXCERPT:** ...A group of California building organizations is rallying to change state law in hopes of torpedoing a recent court opinion on school construction projects - and fend off school districts looking to be repaid for multimillion-dollar school projects built under illegal deals. ...

... Lease-leaseback has traditionally been used to help poor or small school districts build schools. Schools in areas too poor to pass a bond have been allowed to lease land where they want to build to a contractor for a small amount, usually \$1. Then the contractor pays all the upfront costs to raise the school. The district "leases back" the building from the contractor and pays down the project costs over several years.

Districts across California have used the tactic for years. But in more recent memory, some have come under fire for misusing the process.

Such was the case in Fresno Unified, where the \$36.7 million Gaston Middle was paid for outright through the district's \$280 million Measure Q bond. The appellate court opinion this month found the school contract was illegal since Fresno Unified had the money in hand to pay for the school and never actually leased out the facility. At least one school trustee and a member of the public have asked the school board to probe all the district's lease-leaseback contracts.

... The attorney for the plaintiff in the case involving Fresno Unified and Harris Construction said some contractors have been "caught with their hand in the cookie jar" and in the process, it's the public and contractors who chose to play by the rules who have been hurt.

Said Kevin Carlin, who represents Fresno builder Stephen Davis in the appellate case, "For (builders) to say, 'It would be unfair for us to have to pay back the money to the school district,' it's a crock. The bottom line is, the school districts get the money."

**To read the complete article please visit:**  
<http://www.fresnobee.com/news/local/article24922018.html>

## Contra Costa Grand Jury Report 1514 - June 11, 2015 WCCUSD Bond Program & Citizens' Bond Oversight Committee - A Case in Study in Stymied Oversight

## West Contra Costa School Bond Oversight 'Stymied,' Grand Jury Says

June 18, 2015 | By Theresa Harrington | [www.contracostatimes.com](http://www.contracostatimes.com)

**EXCERPT:** ... On the heels of a whistle-blower's mismanagement allegations in the West Contra Costa school district's \$1.6 billion bond construction program, a new grand jury report criticizes its bond oversight.

"It appears that the board of education of the West Contra Costa Unified School District has failed to create a truly independent and effective bond oversight committee," the Contra Costa County civil grand jury report states.

"The system appears to have been hampered by lack of essential cooperation from the ... school district, conflicts of interest may have existed and the school district may have imprudently spent millions of taxpayer dollars."

Property owners in the district pay three times more than the state average in taxes related to bond assessments, the report says.

It also says the district's school construction costs are three times the state average and the district is running out of money before all of its planned projects can be finished. ...

Alluding to documents released in April by whistle-blower Dennis Clay, as well as committee observations, the grand jury said bond construction financial reports have not been accurate or complete.

The district should provide the committee with "complete, detailed and comprehensive financial data" related to bond spending and board votes at least one week before trustees act, to allow for "meaningful and effective review and oversight," it said. ... **To read the complete article please visit:**  
[http://www.contracostatimes.com/richmond/ci\\_28333022/west-contra-costa-school-bond-oversight-stymied-grand](http://www.contracostatimes.com/richmond/ci_28333022/west-contra-costa-school-bond-oversight-stymied-grand)

**Contra Costa Grand Jury Report No. 1514:** <http://www.cc-courts.org/document/docWindow.cfm?fuseaction=document.viewDocument&documentid=11258&documentFormatId=12177>

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To promote school district accountability by improving the training and resources available to California's Proposition 39 School Bond Oversight Committees and educating the state legislature, local school boards and the public about the oversight and reporting powers these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

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