



June 30, 2014

ISSUE 59



CCC Grand Jury Capital Appreciation Bonds Report 1411 Grand Jury to Contra Costa County School Districts: Stop Using Capital Appreciation Bonds

June 25, 2014 | By Theresa Harrington | www.ContraCostaTimes.com
To help save taxpayers money, the Contra Costa County grand jury recommends school districts avoid the use of Capital Appreciation Bonds, or CABs, to finance their construction projects.

The civil grand jury report released this month found that CABs are often substantially more expensive than Current Interest Bonds because they add interest to the principal each year and delay repayment until the end of the loan term, which is often more than 20 years. Repayment costs can be several times more than the original amount issued. ...

"School districts in Contra Costa County should seriously consider avoiding CABs in any future bond sale," the report states. "In addition, school districts should consider including 'callable' provisions in all future bond sales."

Callable bonds can be repaid at a lower interest rate than the original rate, which can significantly reduce interest costs, according to the report. However, a district must negotiate this before the bonds are issued.

The report cites a \$2.5 million West Contra Costa district CAB issued in 2010 as an example of high repayment costs, noting it will cost taxpayers \$33.8 million to repay by Aug. 1, 2034.

The West Contra Costa school board on Wednesday expects to consider a plan to refinance \$100 million in previously issued bonds in part by using convertible CABs to help keep the tax rate charged property owners below \$60 per \$100,000 in assessed value. ...

2013-2014 Contra Costa County Grand Jury CABs Report #1411:
www.cc-courts.org/_data/n_0038/resources/live/rpt1411.pdf

To read the complete article, please visit:
www.contracostatimes.com/News/ci_26026874/Grand-jury-to-Contra-Costa-County

CBOC Member Reappointed After School Board Removed Him L.A. Unified Watchdog Back on the Job

June 17, 2014 | By Steve Lopez | <http://www.latimes.com>

EXCERPT: ... Stuart Magruder, an architect and L.A. Unified dad who was a member of the district's volunteer Bond Oversight Committee, was reappointed on a 4-2 vote by the same board that sent him packing in May.

"I think it's good for keeping our electeds accountable," Magruder said of the decision.

Architect Stuart Magruder, a critic of the L.A. school iPad project, was reappointed Tuesday to an oversight panel. (L.A. Unified)

Indeed. L.A. Unified has a roughly \$7-billion budget, and voters have approved \$20 billion worth of school improvement bonds since 1997. If anything, the superintendent and school board need more oversight, not less.

Magruder, whose ouster was the subject of my Sunday column, made an important point Tuesday. Why would voters ever again approve a bond for much-needed building repairs and upgrades if the school board is seen as inclined to steamroll anyone who asks tough questions?

Two of the staunchest supporters of Supt. John Deasy's iPad initiative - board members Monica Garcia and Tamar Galatzan - cast the two dissenting votes Tuesday, but neither offered an explanation.

Galatzan, who told me last week that she thinks the oversight committee oversteps its bounds by steering into policy and curriculum issues, called for an audit of the committee at Tuesday's meeting. That might be useful, but it came off as petty and peevish. ...

As I noted Sunday, Magruder and other critics aren't anti-technology. This is the 21st century, and nobody wants the district's 600,000-plus students left behind. But he raised a number of legitimate questions, beginning with whether it's appropriate to use bond money - which is paid back over 30 years - to buy electronics with a life span of three to five years. ...

Magruder still has several fundamental concerns, including this one: "I cannot for the life of me see how an elementary school kid needs an iPad, and how that's moving the pedagogical ball forward." ...

"If we're spending all this money, let's figure out how to make it fantastic for the kids."

What would also be fantastic, if you ask me, is to have the district release its internal report on the bidding process that led to the iPad choice. The district's inspector general raised questions about it, according to a report by my colleague Howard Blume. And even though the Los Angeles County district attorney's office decided criminal charges weren't warranted, questions remain.

As Blume reported, citing district sources, a member of the district's review panel owned a significant amount of Apple stock. And the district conveniently claims to have lost the scoring sheets used to rate bids by other vendors, which is one step short of saying the dog ate your homework. ...

"If they continue to try to keep that report under attorney-client privilege," Magruder said, the district will only raise suspicion, just as it did when board members opted not to reappoint him in May. ...

To read the complete article, please visit:
www.latimes.com/local/la-me-0618-lopez-scrum-20140618-column.html

In This Issue

[CCC Grand Jury Report: Capital Appreciation Bonds](#)

[LAUSD Watchdog Back on CBOC](#)

[Mission Statement](#)

[Archived Newsletters](#)

[Join Our Mailing List!](#)

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Board Meetings:

August 9, 2014, Friday

Nov. 8, 2014, Friday

Feb. 13, 2015, Friday

May 7, 2015, Thursday

CaLBOC Annual Statewide Conference:
May 8, 2015, Friday

CaLBOC May 9, 2014 Conference Presentation
[Pay to Play in School Bond Measures-What it is and Why it is Wrong](#)
[2014CaLBOC PaytoPlay.pdf](#)
Presented by Lori Raineri of Government Financial Strategies, GFS

Mission Statement

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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San Diego Grand Jury

Sweetwater & Southwestern - South County transcripts - www.utsandiego.com

utsandiego.com/news/2013/jun/17/south-county-grand-jury-transcripts-compiled

INDEX:

[GJ_Index.pdf](#)

Archived Newsletters

To view all with topics visit: calboc.org/reviews.html

[ISSUE 58 - June 16, 2014](#)

[ISSUE 57 - May 30, 2014](#)

[ISSUE 56 - May 6, 2014](#)

[ISSUE 55 - May 1, 2014](#)

[ISSUE 54 - April 29, 2014](#)

[ISSUE 53 - April 21, 2014](#)

[ISSUE 52 - April 10, 2014](#)

[ISSUE 51 - Dec. 17, 2013](#)

[ISSUE 50 -- Nov. 7, 2013](#)

[ISSUE 49 - Oct. 7, 2013](#)

[ISSUE 48 - Sept. 5, 2013](#)

[ISSUE 47 - July 9, 2013](#)

[ISSUE 46 - May 31, 2013](#)

[ISSUE 45 - May 6, 2013](#)

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