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ISSUE 101



Warrant Issued for Los Banos School Board Member, Merced Contractor Arrested on Bribery Charges

August 29, 2016 | By Rob Parsons | www.fresnobee.com

EXCERPT: Greg Opinski, a Merced Union High School District board member and owner of Greg Opinski Construction, was arrested Monday on suspicion of bribing a public official and a warrant has been issued for school board trustee and former Los Banos mayor Tommy Jones, law enforcement sources confirmed to the Sun-Star.

Opinski, 53, is accused of paying off at least one trustee with the Los Banos Unified School board in connection with the controversial expansion project at Mercey Springs Elementary School, the official confirmed.

An arrest warrant also has been issued for Jones, according to the Merced County District Attorney Office. Jones has been in contact with the District Attorney's Office Monday by telephone. He has been encouraged to surrender to the authorities, officials said. ...

... During a special meeting July 26, the board voted 4-3 to award Opinski a contract worth up to \$541,208. The project has been estimated to cost the district \$6 to \$7 million. ...

To read the complete News Release please visit:
www.fresnobee.com/news/local/crime/article98631182.html

How Investment Banks Cash in on School Construction

August 25, 2016 | By Paul Perry | priceconomics.com

EXCERPT: ... So who are the firms that profit from issuing bonds for school districts? It's a mix of Wall Street investment banks (who earn nearly 50% of issuance costs), law firms, insurers, ratings agencies, and consultants that support the bond issuance process. The buyers of that debt include firms like Nuveen Asset Management, Goldman Sachs Asset Management, and OppenheimerFunds, who, for example, recently bought \$725 million worth of bonds from Chicago Public Schools at a whopping 8.5 percent yield.

Many districts have also gotten tangled in expensive debt financing deals, usually through capital appreciation bonds (CABs), which are longer term financing deals with significantly higher interest rates spread out over a greater number of years. CABs leave school districts saddled with exorbitant amounts of debt for many years. These CABs started popping up just after the financial collapse in 2009, when districts were finding it harder to get the funding they needed for school construction. The Newport Mesa Unified School District in Orange County issued \$83 million in long-term notes in May 2011, but will ultimately pay about \$548 million in principal and interest overall.

So why are our school districts-institutions that have been forced to cut teacher salaries, arts programs, and much more over the past decade-paying so dearly to build new schools? ...

To add insult to injury, these firms benefit financially from the issuance of this debt (once it's passed by voters) because they underwrite it as well. A recent study focused on California bond measures found that post-election fees paid to underwriters (like George K. Baum & Co.) that contributed to bond campaigns were on average double those paid to brokers that did not donate to campaigns.

As you might expect, this offers many opportunities for graft. In San Diego County, six underwriters (Stone & Youngberg, Piper Jaffray, UBS Securities LLC, Alta Vista Financial, RBC Capital Markets, and E.J. De La Rosa & Co.) hold sway over the entire local school construction market by using campaign donations to secure underwriting contracts.

But even after accounting for the cost of election services, school boards pay dearly to raise money for building or renovating schools due to a simple truth of the business world: the smaller and less experienced you are, the more you pay. ...

To read the complete News Release please visit:
priceconomics.com/how-investment-banks-cash-in-on-school/

West Contra Costa Unified: Whistleblower Files Retaliation Complaint

August 15, 2016 | By Joyce Tsai | www.mercurynews.com

EXCERPT: A whistleblower who alleged financial mismanagement in West Contra Costa County Unified's \$1.6 billion school construction bond program, has filed a retaliation complaint against the district with the California Division of Labor Standards Enforcement.

In his complaint, Dennis Clay, a program analyst for the district's school bond program, said he was given an "unsatisfactory" job evaluation by his supervisor for the first time in his 12 years of employment with the district. It also was the first job evaluation he'd received since he started working at the district, he said.

Clay said he also filed a contract grievance with his supervisor on Monday, claiming that he was not given prior notice that a performance review was scheduled, nor was he given a plan of improvement, which are both required by union contract.

"They want to paint me a disgruntled employee, and they want to make it seem that my stuff (statement and financial reports on the bond program) isn't accurate, and that the district needs to be protected from me," Clay said by phone on Monday. ...

Clay said he's not fearful of being fired. He said he believes that the negative evaluation is the district's way of discrediting and retaliating against him, after he stated publicly that millions of dollars of discrepancies existed between the internal and external reports for the school bond construction program. Since that time, a Contra Costa grand jury looked into the bond program, and called for more oversight. The district also launched a forensic audit to uncover potential waste, fraud and abuse in the program. The results of the audit are expected later this month. ... *To read complete article please visit:*
www.mercurynews.com/bay-area-news/ci_30249868/west-contra-costa-unified-whistleblower-files-retaliation-complaint

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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.

CaLBOC: CBOC Operation Guidelines

Provides a basis for the BOC to perform a self-assessment of their operations and identify training needs. Could use as outline to develop a training program for committee members.

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