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July 22, 2013

Honorable Robert J. Trentacosta
Presiding Judge of the San Diego Superior Court
220 West Broadway
San Diego, CA 92101

Re: Review and Comments on San Diego County Grand Jury 2012/2013 Report
"School District Dilemma—Bonds or Bondage?"

Dear Judge Trentacosta:

We have reviewed the Facts, Findings and Recommendations in "School District Dilemma—Bonds or Bondage?" from the San Diego County Grand Jury 2012/2013 Final Report. We generally agree with the overall findings of the Grand Jury that includes greater citizen oversight of bond requirements and increased transparency of total bond costs and future outlays.

In the final report, the San Diego County Grand Jury recommends that the Del Mar Union School District do the following:

Recommendation 13-79:

"Structure future loans to offer more flexibility by allowing a variety of financing options to include:

- Limit the maturity of a bond to no more than 25 years
- Early prepayment of bonds
- A callable feature in all debt issuances
- No interest rates greater than 8%
- A debt ratio not to exceed 4 to 1
- Using the Education Code rather than Government Code."

District Response:

The recommendation has been implemented. The Board took action adopting a policy regarding the use of Capital Appreciation Bonds and other matters in connection with issuance of General Obligation Bonds, Resolution No. 2012-23 at a Special Board meeting on October 3, 2012.

Recommendation 13-80:

“Hold public meetings to discuss the financial impact on the school district for all future bond proposals. The discussion should include:

- The bond amount
- Interest rate
- Terms
- Cost to homeowners in increased property taxes
- Total repayment amount
- “What the new issue may do to future bond requirements.”

District Response:

The recommendation is reasonable and will be implemented subject to all statutory requirements governing bonds proposals at the time they are initiated.

Recommendation 13-81:

“For all future bond proposals send public notices to all district residents to ensure that the community has adequate notice of school board meetings where bond proposals will be discussed. Meeting notices must be posted in several public locations (e.g., school bulletin boards, school websites, school offices, classrooms and district offices), as defined by the Brown Act.”

District Response:

The recommendation to mail public notices to all district residents will not be implemented. The cost to send public notices to all district residents of board meetings where bond proposals will be discussed is an additional expense, taking resources from the instructional program. The Brown Act already defines public notice requirements for all school board meetings, including when bond proposals are being discussed. Meeting notices are posted in several public places such as school offices and district administrative office and required materials are posted on the district website. Copies are also available by request at the district office.

Recommendation 13-82:

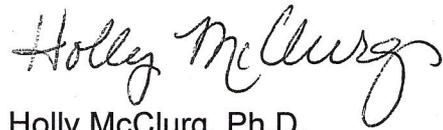
“For all future bond proposals encourage the PTA or similar organizations to educate their membership in school board policies and procedures. Suggested featured speakers could be school or financial experts who can answer questions and share relevant bond information.”

District Response:

The recommendation is reasonable and will be implemented. The district will encourage the PTA and similar organizations to educate their membership in school board policies and procedures. The district will suggest featured speakers such as school or financial experts who can answer question and relevant bond information.

On behalf of the Del Mar Union School District, we share your interest in ensuring that our community understands what is included in school bonds.

Sincerely,

A handwritten signature in cursive script that reads "Holly McClurg". The signature is written in black ink and is positioned above the printed name and title.

Holly McClurg, Ph.D.
Superintendent

cc: Laura Nicks, Coordinator