

**Citizen's Bond Oversight Committee, Measures J & I**  
**Written Report to Board of Trustees**  
**6/14/18 ARUSD Board Meeting**

The Citizens' Bond Oversight Committee (CBOC) recognizes the critical importance of bond measures to support the needs of our aging school facilities. The Alum Rock community has been generous in supporting bond measures each time the Alum Rock School District has requested them, enabling the district to complete bathroom renovations, roofing, and installation of HVAC systems in some of our schools. Because our facilities are older, we will continue to need community investment in our schools.

Right now, the district has only two shovel-ready projects: the Fischer Multi-purpose room and Mathson Multi-purpose room. The community has been very clear in demanding that the district's planned multi-purpose rooms NOT take precedence over the need for repairs of aging infrastructure, including air conditioning systems still badly needed at five of our schools. There is therefore no need to sell bonds at present, as conditions for bond sales are not good, and there is no project approved by the Alum Rock community ready to begin. The CBOC strongly urges the Board to honor the Alum Rock community's trust by exercising strong integrity and fiscal responsibility. The Board should delay bond sales until all concerns raised by the Fiscal Crisis & Management Assistance Team (FCMAT) audit and the Santa Clara County Office of Education (SCCOE) have been corrected. Although respect for the community should be reason enough to delay the sale of bonds, here are more reasons that bond sales SHOULD NOT continue at this time:

- The Board plans to sell bonds on the commercial market in an attempt to circumvent approval from the Santa Clara County Board of Supervisors. This requires that bonds be sold in a competitive sale instead of a negotiated sale making them potentially far more costly to taxpayers and leaving less money for needed repairs of aging infrastructure.
- The district's lowered credit rating will result in higher interest rates, causing bond sales to be more costly to the taxpayers of Alum Rock.
- Bond sales violate the specific recommendations of the Santa Clara County Office of Education and do not have the support of the SCCBOS.
- Public awareness of the Board's instability, defensive posture toward audits and support, and history of highly questionable decisions makes bonds less likely to be purchased by the public.
- The Board has proposed paying for the bond sale process with money borrowed from our students' general fund, a higher-risk proposition with a declining student census and in a market many fear is approaching correction or recession.

- Although the Board has finally terminated the PM contracts with Del Terra that caused violation of Gov Code 1090, we continue to maintain contracts with this vendor who has failed to meet the terms of their contracts. All Del Terra contracts should be terminated before bond sales proceed.

The CBOC strongly recommends delaying the sale of bonds until these and all other issues identified in the FCMAT audit and by the SCCOE have been corrected. We therefore request that any resolution of the Board of Trustees of ARUSD authorizing the issuance of 2016 Measure I bonds be removed from the current Board agenda. No such resolution should be placed on the agenda again until our schools' needed infrastructure and repair projects receive priority and are ready to be funded, bonds can be issued as a negotiated sale, and all other issues identified in the FCMAT audit and by the SCCOE have been corrected.

Raymond Mueller, Chair  
Alison Cingolani, Vice-Chair