



FRANKLIN-MCKINLEY SCHOOL DISTRICT

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Dr. John Porter, Jr.
Superintendent

Timothy W. McClary
Deputy Superintendent, Business Services

FILED

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DAVID H. YAMASAKI
Chief Executive Officer/Clerk,
Superior Court of CA County of Santa Clara
BY STEPHANIE WOLFE

September 4, 2013

Honorable Brian C. Walsh, Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

Dear Honorable Brian C. Walsh, Presiding Judge:

The Franklin-McKinley School District disagrees with the Grand Jury's Finding. Capital Appreciation Bonds, when used correctly in a school district's facilities financing plan, can provide necessary flexibility for the issuer. For example, of the \$30.1 million in long term bonds sold under our Election of 2010 to date, only \$3.78 million were CABs sold to maintain a stable tax rate for local taxpayers and the total repayment ratio for all Election of 2010 bonds is just 2.02 to 1. The Franklin-McKinley School District will continue to review all options for future financings to ensure the lowest-cost option is selected to limit future financial impacts for taxpayers. The District has carefully monitored AB 182 and will comply with all requirements, should it be signed into law, in all future financings.

Sincerely,

Timothy W. McClary
Deputy Superintendent
Franklin-McKinley School District

CC: Dr. John R. Porter, Jr.
Franklin-McKinley School Board

Board of Education

Maya Esparza • John Lindner • Rudy Rodriguez • George Sanchez • Buu Thai