



Milpitas Unified School District

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Cary Matsuoka
Superintendent

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September 25, 2013

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

FILED

OCT 08 2013

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

Dear Judge Walsh:

**Subject: Santa Clara County Civil Grand Jury's Report,
*Our School Districts Do not Need Zeros***

On July 10, 2013, we wrote to inform you that our school district agrees with the Grand Jury's finding and recommendation. We indicated that we will be adopting a Board Policy and necessary administrative regulations to comply with the moratorium against the issuance of capital appreciation bonds before the end of the year.

After further research and consultation with other school districts, we decided that adopting a resolution would be a more appropriate move on our part at this time, since legislation on capital appreciation bonds has not yet been passed by the Legislature. Once the new law that addresses this issue is passed, we will develop a Board policy for our district.

Attached is a copy of our Board of Education's Resolution on this matter.

Sincerely,

Cary Matsuoka
Superintendent

attachment: MUSD Board Resolution 2014.13

**MILPITAS UNIFIED SCHOOL DISTRICT
RESOLUTION #2014.13**

**RESOLUTION OF THE BOARD OF EDUCATION OF THE
MILPITAS UNIFIED SCHOOL DISTRICT
IMPLEMENTING MORATORIUM ON ISSUANCE OF
CAPITAL APPRECIATION BONDS (CAB)**

WHEREAS, the voters of the Milpitas Unified School District ("District") may authorize the District to issue various types of bonds, including Capital Appreciation Bonds ("CABs") to fund District facilities; and,

WHEREAS, CABs can be an appropriate and valuable tool for funding District facilities in certain scenarios; and,

WHEREAS, recent press reports have focused on the potentially ill-advised issuance of CABs by some school districts; and,

WHEREAS, the Legislature is currently considering Assembly Bill 182 (Buchanan) which may dictate when school districts may issue CABs; and,

WHEREAS, the State Controller and State Superintendent of Public Instruction have called for a moratorium on the issuance of CABs "until the Legislature and the Governor have completed their consideration of this year's proposals to reform the CAB issuance process;" and,

WHEREAS, the Santa Clara County Civil Grand Jury recently issued a report entitled "Our School Districts Do Not Need Zeros," ("Report") which raised concerns about the use of CABs by school districts in Santa Clara County; and,

WHEREAS, the Report recommended that Santa Clara County school districts comply with the moratorium called for by the State Controller and State Superintendent of Public Instruction; and,

NOW, THEREFORE, the Governing Board of the Milpitas Unified School District hereby finds, determines, declares, orders, and resolves as follows:

Section 1. The above recitals are true and correct.

Section 2. The District will comply with the moratorium called for by the State Controller and State Superintendent of Public Instruction as requested by the Report and as outlined in the attached Memorandum.

Section 3. The District's Superintendent and/or his designee shall forward this Resolution and amend the original official response to the Report to the Presiding Judge of the Santa Clara Superior Court and is otherwise authorized to take any action and/or execute any documents which are necessary to carry out, give effect to, and comply with the terms and intent of this Resolution.


PASSED AND ADOPTED at a meeting of the Board of Education of the Milpitas Unified School District held on the 24th day of September, 2013 by the following vote:

AYES: Bobay, Grilli, Lau, Alisantosa, Foulk

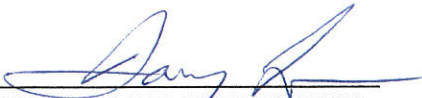
NOS: None

ABSENT: None

ABSTAIN: None


PRESIDENT, BOARD OF EDUCATION

ATTESTED:


CLERK, BOARD OF EDUCATION