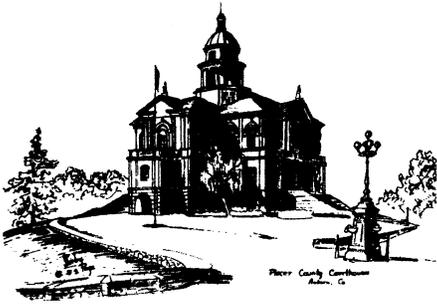


RESPONSES



**2008 - 2009 GRAND JURY
FINAL REPORT**



PLACER COUNTY GRAND JURY

Phone: (530) 886-5200

FAX (530) 886-5201

Mailing Address:

11490 C Avenue, Auburn, CA 95603

December 22, 2009

The Honorable Alan V. Pineschi
Presiding Judge, Superior Court
County of Placer
P. O. Box 619072
Roseville, CA 95661

The Honorable Charles D. Wachob
Advising Grand Jury Judge
County of Placer
P. O. Box 619072
Roseville, CA 95661

And Citizens of Placer County

Subject: Responses to the 2008-2009 Placer County Grand Jury Final Report

Dear Judge Pineschi, Judge Wachob and citizens of Placer County:

The 2009-2010 Placer County Grand Jury has received and reviewed all the required responses as noted in the 2008-2009 Grand Jury Final Report.

This year's Grand Jury found several responses that required follow-up inquiries because the initial responses were lacking in substance. The additional responses have been also been included for your examination. You will also note that a few of the responses from different entities contain virtually the same wording when responding to the same topic.

We have assembled and published the responses as required by Penal Code Section 933(3) for issuance to the public and the respondents. An electronic version will also be published on www.PlacerGrandJury.org the Superior Courts Placer County website.

Sincerely,

Winfield Gredvig, Foreman
2009-2010 Placer County Grand Jury

**PLACER COUNTY
2008 – 2009 GRAND JURY
RECOMMENDATION RESPONSES**

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PLACER COUNTY

2008 – 2009 GRAND JURY

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PLACER COUNTY
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County of Placer

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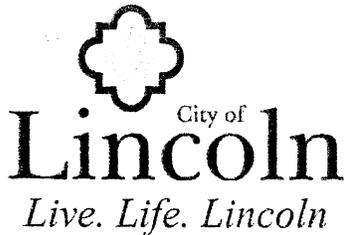
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County of Placer

Placer County
2008 – 2009 Grand Jury
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BLUE BAG RECYCLING PROGRAM ASSESSMENT

(Pages 2 – 7, 2008 -2009 Final Report)



August 26, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

RECEIVED
SEP 17 2009
Placer County Grand Jury

Re: Placer County 2008-2009 Grand Jury Final Report

Dear Judge Pineschi:

The City of Lincoln thanks the Grand Jury for the thorough assessment of the City's Blue Bag Recycling Program. Following are the specific recommendations in the Final Report:

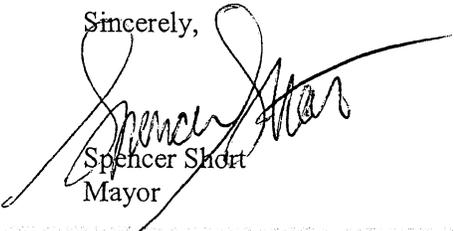
1. Due to the recyclable recovery efficiency at the Materials Recovery Facility (MRF), all Blue Bag Programs within Western Placer County should be eliminated.
2. All Western Placer County jurisdictions with Blue Bag Programs should notify their residents that their time, effort and expense marginally increase, if at all, the amount of materials recycled. The notice should educate the public on the effectiveness of the recycling process and the collection of commingled materials at the MRF. The notification could be a direct mailing or inclusion in the billing.

The City agrees with the findings of the Grand Jury Final Report and plans to phase out the Blue Bag Recycling Program during the 2009/10 fiscal year. The steps we will be taking to accomplish this are:

1. Coordinate with the California Integrated Waste Management Board to make sure that the phase out of the Blue Bag Recycling Program does not trigger additional responsibilities for the City.
2. Create and execute a community outreach program to educate the public on the effectiveness of the recycling process at the MRF.
3. Consider additional recycling programs that could be offered with the savings from the Blue Bag Recycling Program.

We appreciate the opportunity to respond to the recommendations in the Grand Jury 2008-2009 Final Report.

Sincerely,


Spencer Short
Mayor

600 Sixth Street
Lincoln, CA 95648
(916) 434-2400

Administrative Services - City Manager's Office - Community Development
Fire - Library - Recreation - Police - Public Works

City of **Auburn**

1225 Lincoln Way, Auburn, CA 95603 • (530)823-4211 • FAX (530)885-5508
www.auburn.ca.gov

RECEIVED

SEP 02 2009

Placer County Grand Jury

August 26, 2009

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Placer County 2008-2009 Grand Jury Final Report

Dear Placer County Grand Jury:

The City of Auburn would like to thank the Grand Jury for their review of the Blue Bag Recycling Program offered by the City of Auburn through a solid waste agreement with Auburn Placer Disposal Service to City of Auburn residents. Auburn Placer Disposal Service transports the City of Auburn's solid waste to Western Placer Waste Management Authority's (WPWMA) Material Recovery Facility (MRF) for processing. The recently expanded MRF has improved the recovery of mixed waste recyclable materials and contributes to the City's success in achieving compliance with AB 939.

The City will comment on the Grand Jury's conclusion and recommendations. The Mayor, Mike Holmes, was a Respondent to the Grand Jury report and please consider this letter as having fulfilled his obligation to respond.

Recommendation: The Grand Jury recommends that due to the recyclable efficiency at the MRF, all Blue Bag Programs within Western Placer County should be eliminated.

The City of Auburn believes that the foundation of a successful education and environmental stewardship program is public involvement. The blue bag recycling program is used as a valuable educational tool to our citizens. The blue bag recycling program allows our citizens to participate in the recycling process at their home which naturally increases their awareness of solid waste issues. This awareness can foster waste reduction behavior patterns that can be applied at home, business and during recreational activities.

Recommendation: All Western Placer County jurisdictions with the Blue Bag Programs should notify their residents that their time, effort and expense marginally increase, if at all, the amount of materials recycled. The notice should educate the public on the effectiveness of the recycling process and the collection of comingled materials at the MRF. The notification could be a direct mailing or inclusion in the billing.

The City of Auburn provides public outreach regarding solid waste and recycling issues to the residents through the City of Auburn website, Auburn Placer Disposal billing statements, distribution of flyers in public locations and news releases. The City works cooperatively with Western Placer Waste Management Authority, Placer County and the Cities of Lincoln, Loomis, Rocklin and Roseville to provide outreach regarding the effectiveness of the MRF operation. The City will provide outreach to the residents of Auburn to educate them about the effectiveness of the MRF. The City will continue to provide information regarding the blue bag recycling program.

At the August 24, 2009 City Council meeting the City Council by motion agreed to continue to offer the blue bag program to the residents of the City of Auburn pursuant to the recommendation of staff. The staff report to Council has been attached.

The City of Auburn appreciates the opportunity to respond to the Grand Jury.

Respectfully,



Bridget Powers
Mayor Pro Tempore
City of Auburn

Attachment: Staff Report

County of Placer Board of Supervisors

175 FULWEILER AVENUE
AUBURN, CALIFORNIA 95603
530/889-4010 • FAX: 530/889-4009
PLACER CO. TOLL FREE # 800-488-4308

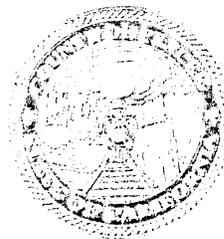
F.C. "ROCKY" ROCKHOLM
District 1

ROBERT M. WEYGANDT
District 2

JIM HOLMES
District 3

KIRK UHLER
District 4

JENNIFER MONTGOMERY
District 5



August 18, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

RECEIVED

SEP 17 2009

Placer County Grand Jury

RE: PLACER COUNTY 2008-2009 GRAND JURY FINAL REPORT

Dear Judge Pineschi:

Placer County wishes to thank the members of the Grand Jury for their efforts associated with the investigation of the Blue Bag program operated by Placer County through its Solid Waste Handling Agreement with Auburn Placer Disposal Service, in the unincorporated portions of Western Placer County.

Responses to the Grand Jury Recommendations:

1. **Due to the recyclable recovery efficiency at the MRF, all Blue Bag Programs within Western Placer County should be eliminated.**

The County agrees that the new MRF expansion has greatly improved recovery of mixed waste recyclable materials. The County also agrees that the blue bags comprise a small percentage of the total volume of waste processed and that termination of the County's program would not significantly impact achievement of the State of California's mandated waste diversion goal of 50%. For these reasons, the County does not provide blue bags or make a significant effort to promote this recycling option.

On the other hand, County staff continues to receive phone calls from residents that are not comfortable with placing all of their recyclable materials in the same can with their garbage. Often these people have recently moved to Placer County from large urban areas that offer curbside collection of recyclable materials. The Blue Bag program provides these people with an option for recycling that fits their lifestyle and personal goals without cost to the County. As noted in your report, it can also provide a cost savings to the customer because the blue bags may be placed outside the trash container, thus allowing the customer to use a smaller receptacle at a lower monthly cost.

The County of Placer will continue to offer the Blue Bag option on a voluntary basis for those residents that express an interest. County staff will attempt to notify these interested residents that the MRF works very efficiently and that the blue bags are not currently recycled.

- 2. All Western Placer County jurisdictions with Blue Bag Programs should notify their residents that their time, effort and expense marginally increase, if at all, the amount of materials recycled. The notice should educate the public on the effectiveness of the recycling process and the collection of comingled materials at the MRF. The notification could be a direct mailing or inclusion in the billing.**

The County of Placer conducts extensive outreach and education to its residents on the many aspects of the solid waste handling and recycling efforts conducted within the County. Information is provided through websites, billing statements, distribution of flyers for specific special events, appearance at local events, and radio and print ads. Outreach provided stresses the effectiveness of recovering comingled and source separated (primarily green waste) materials at the MRF. County outreach efforts will not be aimed at promoting the Blue Bag program in Western Placer County.

The County appreciates the opportunity to respond to the recommendation in the report.

Respectfully,



F. C. "Rocky" Rockholm, Board Chairman
Placer County Board of Supervisors

WS:kw

Cc: James Durfee
Bill Zimmerman

TOWN OF LOOMIS

1

RECEIVED

AUG 20 2009

Placer County Grand Jury

August 19, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P. O. Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

**RE: RESPONSE TO GRAND JURY FINDINGS AND RECOMMENDATIONS
CONCERNING THE BLUE BAG RECYCLING PROGRAM**

Dear Honorable Alan V. Pineschi:

As you know, the 2008-2009 Placer County Grand Jury recently prepared a report concerning the above-mentioned recycling program. The report is entitled the "Blue Bag Recycling Program Assessment" - - hereafter referred to as "the Report." A copy is attached as Exhibit "A."

Response to "Findings"

As required by Penal Code § 933.05(a) the Town of Loomis submits the following responses to the four (4) "findings" contained in the Report:

1. Concerning the first finding, there seems to be some consensus on the Town Council's part that the Materials Recovery Facility ("MRF") is providing the services it was designed to provide, although at least one member would like to visit the MRF before making a final determination. There also seems to be a consensus that the MRF's recycling program is improved only marginally, by the Blue Bag Program (at least, as that program is presently run).

2. Concerning the second, there is a consensus that making residents aware of the value of recycling is beneficial. However, the Town Council was unable to reach agreement concerning the Grand Jury's finding that the time, effort and money spent on the Blue Bag Program by Loomis residents is not worthwhile. Accordingly, Town Council has requested that further analysis be conducted and information presented at an upcoming Town Council meeting.

3. The Town Council was also unable to reach agreement concerning the Grand Jury's third finding (or any of its subparts). Accordingly, Town Council has requested that further information be presented at an upcoming Town Council meeting and that a tour of the MRF be organized for Council and interested citizens to evaluate these issues first-hand. The Town Council discussed that there are other options for handling separated recyclables besides the Blue Bag (such as cart systems) that were not considered by the Grand Jury that should be evaluated by the Town of Loomis. The Town Council also discussed that some of the problems with the Blue Bag Program might be corrected by the use of recyclable bags (perhaps clear ones) and better outreach and education (including highlighting the fact that a lower cost garbage service is an option in Loomis). The Town Council also discussed that it would be helpful to solicit public input from residents and businesses about what they would like to see improved to recycle more and waste less in Loomis.

4. There seems to be agreement with the Grand Jury's fourth finding that eliminating the Blue Bag Program would result in some residents having to pay more for garbage service because they would have to pay for either a larger or an additional container if the Blue Bag Program was discontinued.

Response to “Recommendations”

As required by Penal Code § 933.05(b)¹ the Town of Loomis submits the following responses to the two (2) “recommendations” contained in the Report:

1. Pursuant to Penal Code § 933.05(b)(3) the Town Council has determined that it is necessary to further analyze the Grand Jury’s first recommendation which is to eliminate the Blue Bag Program.

Concerning an explanation of the scope and parameters of an analysis or study, it seems that the Town Council agrees that the Blue Bag Program as presently run has problems. However, Town Council has not concluded that the program is beyond repair. Attached as Exhibit “B” is one council member’s written comments concerning the Blue Bag Program, to the effect that the program needs work but may be worth saving. (The author is a professional recycling consultant² as well as our current Vice-Mayor).

As far as a timeline in which to complete this further analysis, two to three months should be an ample amount of time.

2. Concerning the Grand Jury’s second recommendation, Town Council is in full agreement that once further analysis of the program is completed, educating citizens concerning the value of recycling and the Town’s future recycling plans should be a top priority.

Overview

The Loomis Town Council would like to work with other local jurisdictions to recycle more and waste less which may include working towards Zero Waste, (a goal that the State of California has adopted).³ Efforts should include improved source separated recycling. The City of Roseville recently received a grant to implement Zero Waste programs in its city facilities, as the first step in figuring out how to improve its recycling programs. The

¹ Note that the reprint of Penal Code § 933.05(b) erroneously refers to “findings” rather than “recommendations.” This is very confusing given that sub-section (a) has already addressed “findings.”

² See: www.garyliss.com

³ See: www.ciwmb.ca.gov/

City of Lincoln has expressed interest in developing an alternative source separation recycling system. Every agency in Placer County has AB 939 funds that can be used to make recycling more efficient at the agency level and at the MRF.

By working collaboratively on these issues, local agencies can also become positioned to appropriately respond to the new State mandate under AB 32 to implement the requirement of mandatory commercial recycling by January 2011,⁴ all to the benefit of the entire region.

We appreciate the Grand Jury's interest in this matter, and will further respond to its findings and recommendations upon completing our analysis.

Sincerely,

A handwritten signature in black ink, appearing to read 'Walt Scherer', written in a cursive style.

Walt Scherer, Mayor

cc: Loomis Town Council Members

⁴ See: www.ciwmb.ca.gov/climate/Recycling/default.htm



WESTERN PLACER
WASTE MANAGEMENT AUTHORITY

JOHN ALLARD, ROSEVILLE, CHAIRMAN
ROCKY ROCKHOLM, PLACER COUNTY
GEORGE MAGNUSON, ROCKLIN
SPENCER SHORT, LINCOLN
ROBERT WEYGANDT, PLACER COUNTY
JAMES DUFFEE, EXECUTIVE DIRECTOR

August 13, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

RECEIVED
AUG 16 2009
Placer County Grand Jury



RE: PLACER COUNTY 2008 - 2009 GRAND JURY FINAL REPORT

Dear Judge Pineschi:

The Western Placer Waste Management Authority (WPWMA) wishes to thank the members of the Grand Jury for their efforts associated with investigating the WPWMA's Materials Recovery Facility (MRF) and their favorable comments regarding its operation. The WPWMA is extremely proud of the cost-effective and environmentally responsible services it provides to the cities and county.

In accordance with the Grand Jury's request, following are the WPWMA's responses to the recommendations presented in the report entitled "Blue Bag Recycling Program Assessment":

Response to the Grand Jury's Recommendations

- 1. Due to the recyclable recovery efficiency at the MRF, all Blue Bag Programs within Western Placer County should be eliminated.**

It is the responsibility of each of the participating agencies to identify its recycling needs and to develop specific programs, such as the Blue Bag program, to address those needs. To the extent that these programs are consistent with the purpose and function of the MRF, the WPWMA will continue to support these programs and assist the participating agencies in meeting their waste management and diversion needs. As such, we will continue to handle and process blue bags for any of the participating agencies as long as those agencies elect to continue their involvement in the program.

- 2. All Western Placer County jurisdictions with Blue Bag Programs should notify their residents that their time, effort and expense marginally increase, if at all, the amount of materials recycled. The notice should educate the**

RECYCLING AND DISPOSAL MADE EASY

11476 C AVENUE AUBURN, CA 95603
(916) 543-3960 / (916) 543-3990 FAX
WWW.WPWMA.COM

public on the effectiveness of the recycling process and the collection of
or mingled materials at the MRF. The notification should be a direct
meeting or inclusion in the billing.

Since the Blue Bag Program is not a WPWMA program, we have no response to
this recommendation.

We appreciate the opportunity to comment and respond to the report.

Respectfully,



James Durfee, Executive Director
Western Placer Waste Management Authority


Placer County Board of Supervisors
Roseville City Council
Rocklin City Council
Lincoln City Council
Auburn City Council
Loomis Town Council

Placer County
2008 – 2009 Grand Jury
Recommendation Responses

**A SURVEY OF CEMETERY DISTRICTS WITHIN PLACER
COUNTY**

(Pages 22 - 32, 2008 - 2009 Final Report)

COLFAX CEMETERY DISTRICT

180 NORTH CANYON WAY & CEMETERY ROAD

P.O. BOX 231

COLFAX CA 95713

530.906.9570

FAX—530.346.9577

RECEIVED

NOV 2 - 2009

Placer County Grand Jury

October 26, 2009

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

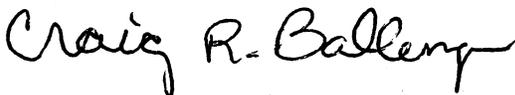
RE: RESPONSE TO THE GRAND JURY FINDINGS & RECOMMENDATION

To Whom It May Concern:

The Colfax Cemetery District agrees with the findings of the 2008-2009 Grand Jury Survey of Cemetery Districts within Placer County. In response to Finding #4, the Colfax Cemetery District has obtained insurance to alleviate the liability issue.

In response to the recommendation that, "The Colfax Cemetery District should investigate its options relative to ownership of the Colfax Indian Cemetery" – the Colfax Cemetery District has been in on-going negotiations with the Colfax-Todds Valley Consolidated Tribe to purchase the Colfax Indian Cemetery prior to the Grand Jury Survey. We will keep you informed on the progress in this matter. The Colfax Cemetery District remains hopeful to have this resolved by the end of the year.

Respectfully submitted,



CRAIG BALLENGER
Superintendent
Colfax Cemetery District

cc: Colfax Cemetery District Board
The Honorable Alan V. Pineschi, Presiding Judge of the Placer County Superior Court

Placer County
2008 – 2009 Grand Jury
Recommendation Responses

**THUNDER VALLEY CASINO: MITIGATING COSTS TO LOCAL
GOVERNMENTS**

(Pages 34 - 45, 2008 - 2009 Final Report)



City of Rocklin

3970 Rocklin Road
Rocklin, California 95677-2720
O | 916.625.5000
F | 916.625.5095
www.rocklin.ca.us

RECEIVED

SEP 16 2009

Placer County Grand Jury

September 14, 2009

Mr. Rick Morgan, Foreman
2008-2009 Placer County Grand Jury
11490 C Avenue
Auburn, California 95603

Dear Mr. Morgan:

Enclosed please find the City of Rocklin's letter in response to the 2008-2009 Grand Jury Report. I apologize for the delay in forwarding this letter to you as it was an oversight on our part. As noted on p. 5 of the enclosed City Council Minutes of August 11, 2009, the Mayor was authorized to sign said letter on that date.

During a phone conversation with Rosalinda at the Placer County Superior Court on September 10, 2009, she graciously granted us an extension to September 15 in order to process the letter.

Should you have any questions, please feel free to contact me.

Sincerely,

Barbara Ivanusich
City Clerk

Enc

cc: Rosalinda, Placer County Superior Court

Information 916.625.5000

Administrative Services 916.625.5000 • City Hall 916.625.5560 • Community Development 916.625.5100
Community Services & Facilities 916.625.5200 • Fire 916.625.5300 • Police 916.625.5400 • Public Works 916.625.5500



City of Rocklin

3970 Rocklin Road
Rocklin, California 95677-2720
O | 916.625.5000
F | 916.625.5095
www.rocklin.ca.us

August 11, 2009

Mr. Rick Morgan, Foreman
2008-2009 Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

Dear Mr. Morgan:

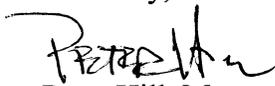
The City of Rocklin appreciates the Grand Jury's effort to evaluate if the United Auburn Indian Tribe's Thunder Valley Casino is impacting the surrounding jurisdictions. While there are casino-related impacts, to date, these impacts are much lower than we anticipated when the casino was proposed. As noted in the Grand Jury Report, the City of Rocklin objected to the casino and mounted a fairly aggressive legal challenge. Ultimately, the Courts ruled in favor of the casino.

The United Auburn Indian Tribe and the casino have been proven to be good neighbors to Rocklin. Any large entertainment venue that attracts lots of people will bring both negative and positive impacts to the surrounding communities. Trying to determine the cost of the positive and the negative impacts is not simple, and we simply don't have the resources to conduct detailed studies about casino-related impacts. Our Police Department has amended its police reports to indicate whether or not those involved in an incident have been at or were on their way to the casino. This is the only information we collect at this time. Police Chief Mark Siemens will evaluate if there are other data collection options and whether or not the collection of such data may be helpful to the City in determining more directly the impacts of the casino.

The Fire Department has not experienced any impacts directly associated with the casino. Our Fire Chief is concerned about the large multi-story hotel being added. He questions the ability of the casino-funded fire responders to deal with high-rise structure fires. Any structure fire at the casino requiring the help of Rocklin or any of our surrounding jurisdictions would have a direct potentially costly impact. Fire Chief Bill Mikesell will be working with the tribe and the other fire chiefs to try to establish a reasonable response and expense reimbursement strategy for such incidents.

Once again, thank you for your concern about the casino's impact on the City of Rocklin.

Sincerely,


Peter Hill, Mayor
City of Rocklin

Information 916.625.5000

Administrative Services 916.625.5000 • City Hall 916.625.5560 • Community Development 916.625.5100
Community Services & Facilities 916.625.5200 • Fire 916.625.5300 • Police 916.625.5400 • Public Works 916.625.5500



City of Rocklin

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OCT 19 2009

October 15, 2009

Placer County Grand Jury

3970 Rocklin Road
Rocklin, California 95677-2720
O | 916.625.5000
F | 916.625.5095
www.rocklin.ca.us

Mr. Winfield Gredvig, Foreperson
Placer County Grand Jury
11490 C Avenue
Auburn, California 95603

Dear Foreman Gredvig:

Please accept our apology for not following the Grand Jury Response Instructions. We believe that the letter we sent answered the findings and recommendations found in the Grand Jury Report, but we agree that it did not use the proper format.

Regarding the findings of the Grand Jury, the City of Rocklin agrees with Finding No. 2 with respect to Rocklin. We are not in a position to opine on Finding Nos. 1, 3, and 4.

Relative to recommendation No. 1, the City of Rocklin will not fully implement the recommendation because it is neither warranted nor reasonable for the following reasons:

- While the City is aware of casino related impacts, to date, these impacts are much lower than we anticipated when the casino was proposed.
- Any large entertainment venue that attracts lots of people will bring both negative and positive impacts to the surrounding communities.
- Trying to determine the cost of positive and negative impacts is not simple and we simply do not have the resources to conduct detailed studies about casino related impacts. The City of Rocklin does not believe that spending resources collecting all of the necessary data to determine the exact impact that the casino is having on the community would be a worthwhile effort.
- The City of Rocklin recognizes that additional data would be helpful and our Police Chief has amended its Police Reports to indicate whether or not those involved in an incident have been at or were on there way to the casino.
- The Police Chief, Mark Siemens, will continue to evaluate if there are other data collection options and whether or not the collection of such data may be helpful to the City in determining more directly the impacts of the casino.

Information 916.625.5000

Administrative Services 916.625.5000 • City Hall 916.625.5560 • Community Development 916.625.5100
Community Services & Facilities 916.625.5200 • Fire 916.625.5300 • Police 916.625.5400 • Public Works 916.625.5500

Mr. Winfield Gredvig
October 15, 2009
Page 2

Relative to Recommendation No. 2, the City will partially implement the recommendation. Specifically, our Fire Chief, Bill Mikesell, will be working with the tribe and other fire chiefs to try to establish a reasonable response and expense reimbursement strategy for any fire related incidents involving the casino during the next several months. The City will continue to meet with the tribe to discuss the casino, its impacts and its benefits and will continue to seek a collaborative approach to address issues of mutual concern.

We hope that this response meets the Grand Jury's request.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Hill". The signature is written in a cursive style with a large initial "P".

Peter Hill
Mayor

cc: Honorable Allen V. Pineschi, Presiding Judge

ltr\grand jury report\10/15/09

August 28, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RECEIVED
SEP 03 2009

Placer County Grand Jury

Re: Response to Grand Jury Report – “Thunder Valley Casino: Mitigating Costs to Local Governments”

Honorable Judge Pineschi and Members of the Grand Jury:

This letter responds to the request contained in the 2008-2009 Placer County Grand Jury’s report dated June 24, 2009. The City of Roseville thanks the Grand Jury for its review of the impacts of Thunder Valley Casino on local governments and is pleased to respond to the Grand Jury’s findings and its recommendations related to each finding. Responses are numbered to correspond to the numbering of the findings and recommendations in the report.

The first finding of the report does not relate to the City of Roseville and no response is provided except to express support for Placer County and the City of Lincoln in their proactive efforts to work with the Tribe to obtain mitigation of Casino impacts.

2. *Finding: While representatives of the cities of Rocklin and Roseville feel the cities are incurring some additional costs resulting from the Casino, they have not taken adequate steps to identify and quantify those costs in order to determine if any formal agreements with the Tribe would be appropriate.*

Recommendation:

1. *The cities of Rocklin and Roseville should regularly (e.g., annually) identify, document and quantify any adverse financial impacts the Casino has had on their government operations. Where appropriate, overtures should then be made to the Tribe to reach or modify agreements that would mitigate any of these actual costs.*

City of Roseville response: The City of Roseville disagrees with the finding in part; we believe that Roseville is taking all feasible steps to identify Casino impacts and works continually with the Tribe to appropriately obtain assistance and cooperation in addressing impacts. Roseville agrees with the Grand Jury that identification and quantification of costs could facilitate such assistance and cooperation.

Staff recognizes that the City's best interests are served when the sources and causes of demands on City services are identified, including unique demands related to the Casino. Staff of various City departments, notably Police and Fire, do assess and analyze Casino impacts as information can be obtained and as resources permit. Roseville's continued efforts to improve impact data collection will soon include a disposition code for DUI arrests associated with Casino visitors, though the resulting statistic may well be an imperfect tool, as it can tell only part of the story.

While there are some occasions when impacts on the City of Roseville undoubtedly relate to operation of the neighboring Casino (as described in staff's response to the Grand Jury on October 28, 2008), we question the feasibility and cost-effectiveness of attempting to identify, document and quantify all or substantially all Casino impacts. If the Grand Jury obtains information regarding best practices and cost-effective methods to identify, document and quantify Casino impacts, Roseville would welcome the benefit of such information. Given current resource limitations and the difficulty of confirming a reasonable balance among actual impacts, the problem of obtaining precise impact data, and the availability of mitigating measures, Roseville does not agree with the recommendation for an annual report requirement.

If it is believed that more detailed information can be easily obtained and would benefit affected cities, perhaps the Tribe could be requested to fund an independent study of Casino impacts. In the meantime, as the City learns of particular impacts, actual or potential, City staff will continue its practice of addressing specific needs, as outlined in staff's earlier response. Specifically, staff is currently attempting to negotiate with the Tribe an agreement for emergency response services, and will continue to support South Placer County regional economic development efforts in coordination with the Tribe. Additionally, the City Manager meets quarterly with Tribe and Casino representative Greg Baker, and those meetings provide an opportunity to address concerns as they may arise.

3. *Finding: The LCBC is serving the basic role called for by statute in awarding grants for Casino cost mitigation. The 2007 grants awarded appeared to be reasonable in type and amount for the purposes described. They all had a logical link to Casino cost mitigation and fit with the priorities described in the statute.*

Recommendation:

2. *Local government agencies that incur costs resulting from Casino operations should seek financial resources other than grants from the Indian Gaming Special Distribution Fund in order to help mitigate those costs. That fund should not be considered to be permanent or otherwise available each year.*

City of Roseville response: This finding relates to the Local Community Benefit Committee (LCBC) rather than solely the City of Roseville. However, based on Roseville's role as part of the LCBC, Roseville agrees with the third finding and the Grand Jury's recommendation. The recommendation to not rely on these grants is consistent with City of Roseville policy and practice against meeting ongoing needs only with one-time or temporary funding.

4. Finding: *The LCBC is not performing a basic fiduciary responsibility in verifying that grant money is spent in the manner that was intended.*

Recommendation:

3. *The LCBC should immediately develop and implement procedures to ensure that recipients spend grant money only for intended purposes. At a minimum, this should include requiring statements and documentation from grantees at the end of the fiscal year supporting the appropriate use of the grant money. It might also include a requirement that such documentation be received and approved by the LCBC before any grant money is disbursed for each project.*

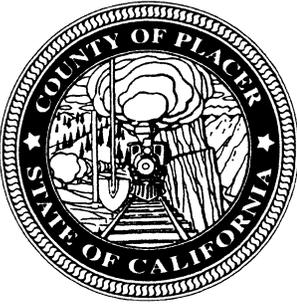
City of Roseville response: Roseville does not presently have sufficient information to agree or disagree with the finding. Roseville would support further analysis by the LCBC and its member entities, which may include review of the expenditure of allocated grant funds to date. Roseville would support the Grand Jury's recommendation for annual reporting from grant recipients, and would further recommend making compliance with reporting requirements a condition of receiving future grants. Similar procedures are required as a condition of grant approval when applicants seek funding through Roseville's own Grants Advisory Commission. The State of California periodically audits the use of Indian Gaming Special Distribution Fund grants and Roseville provides documentation for the audits. Roseville's accounting system already tracks LCBC grant expenditures and Roseville would be readily able to include such information in a report to the LCBC, if required.

On behalf of the City of Roseville, I extend my thanks for the work of the Grand Jury and for its inquiry and recommendations regarding the issue of Casino impacts on local government.

Very truly yours,



GINA GARBOLINO
Mayor



COUNTY OF PLACER

BOARD MEMBERS

F.C. "ROCKY" ROCKHOLM District 1	JIM HOLMES District 3
ROBERT M. WEYGANDT District 2	KIRK UHLER District 4
JENNIFER MONTGOMERY District 5	

OFFICE OF COUNTY EXECUTIVE

THOMAS M. MILLER, County Executive Officer

175 FULWEILER AVENUE / AUBURN, CALIFORNIA 95603

TELEPHONE: 530/889-4030

FAX: 530/889-4023

www.placer.ca.gov

August 20, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Dear Judge Pineschi,

I am pleased to submit my response to the 2008-09 Grand Jury Final Report of the Placer County Grand Jury - Thunder Valley Casino: Mitigating Costs to Local Governments. I have carefully reviewed the findings and recommendations in the Final Report. My response is in the capacity of staff to the Placer County Local Community Benefit Committee (LCBC), which engages the County to execute the state statute related to the establishment and operations of an LCBC. My statement of response to Findings #3 and #4 and Recommendation #3 follows below.

Findings:

3. The LCBC is serving the basic role called for by statute in awarding grants for Casino cost mitigation. The 2007 grants awarded appeared to be reasonable in type and amount for the purposes described. They all had a logical link to Casino cost mitigation and fit with the priorities described in the statute.
4. The LCBC is not performing a basic fiduciary responsibility in verifying that grant money is spent in the manner that was intended.

Response:

3. I agree with the finding.
4. I disagree with the finding. It is staff's opinion that the LCBC continues to meet its fiduciary responsibilities and that LCBC practices fully comply with state requirements. The LCBC has adopted policies and procedures, and increased reporting requirements, to ensure that grant funding is spent in the manner that it was intended.

The LCBC's 2009 Grant Application prominently notes on Page 1:

Important:

The Indian Gaming Special Distribution Fund Grant Program has been created for local government agencies impacted by tribal gaming. Therefore, only those applications that clearly identify and describe impacts from tribal gaming upon such agencies and propose projects designed to mitigate those impacts will be considered for funding by the LCBC.

The LCBC 2009 Grant Application also states that all grant recipients are required to submit to the Placer County Executive Office (CEO) by September 1, 2009 a written status report on the funded project. Additionally, all grant recipients must submit to the CEO a comprehensive closing report on the funded project by March 31, 2010.

Conclusions/Recommendations:

3. The LCBC should immediately develop and implement procedures to ensure that recipients spend grant money only for intended purposes. At a minimum, this should include requiring statements and documentation from grantees at the end of the fiscal year supporting the appropriate use of the grant money. It might also include a requirement that such documentation be received and approved by the LCBC before any grant money is disbursed for each project.

Response:

3. The recommendation has been implemented. It is staff's opinion that the LCBC has implemented procedures to ensure that LCBC grant recipients spend grant money only for intended purposes. As noted above, the LCBC has instituted increased reporting requirements for grant recipients that require a mid-year status report as well as a comprehensive closing report on the funded project. Additionally, existing state law requires each county that administers grants from the Indian Gaming Special Distribution Fund to provide an annual report to the Legislature by October 1 of each year, detailing the specific projects funded by all grants in the County's jurisdiction.

As a point of clarification regarding the disbursement of monies from the Indian Gaming Special Distribution Fund; the LCBC does not release funds directly to the grant recipients.

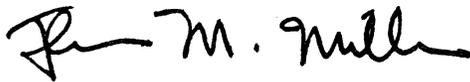
State statute requires that an LCBC submit to the State Controller a list of approved projects, upon which the Controller releases the funds directly to the chosen local government entities.

As of the date of my response, there is state legislation pending to extend the sunset date on the Indian Gaming Special Distribution Fund local government grant statute from January 1, 2010 to January 1, 2021. However, the 2009-10 State Budget did not include any funding for local mitigation grants.

I appreciate the Grand Jury's interest in the LCBC and am confident that the LCBC's practices fully comply with State requirements. Thank you for the opportunity to respond to the Final Report of the 2008-2009 Placer County Grand Jury Report.

Sincerely,

COUNTY OF PLACER



Thomas M. Miller,
County Executive Officer

TM:MH:br

Cc: Placer County Grand Jury
Placer County Board of Supervisors
Placer County Local Community Benefit Committee

Placer County
2008 – 2009 Grand Jury
Recommendation Responses

REFINANCING SCHOOL DISTRICT BONDS

(Pages 54 – 71, 2008 - 2009 Final Report)

September 9, 2009

RECEIVED

SEP 28 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Dry Creek Joint Elementary School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. It is important to note the Dry Creek Joint Elementary School District did not participate in cash out refinancing and instead used the savings to reduce the taxpayer debt of the existing funds.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

Disagree with finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings were posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door of the District office. However, in the Dry Creek Joint Elementary School District, additional notification is posted at all school sites, in school newsletters, and on the District web site.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees a potential for abuse may exist. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise. Additionally, Dry Creek Joint Elementary School District publically stated in the published annotation that ALL proceeds would be used to reduce the existing debt of the taxpayers.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions "can be" self-serving.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statues that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds "when market conditions permit." This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers as well as refinancing costs. The Dry Creek District regularly reviews outstanding GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been in place in the Dry Creek Joint Elementary School District. In fact, as evidenced on page 11 of the Grand Jury report, Dry Creek refinanced an existing GO bond which resulted in a savings to the taxpayer. This refinancing was the result of an extensive review of existing debt and the market conditions at that time.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at Dry Creek Joint Elementary School District. In accordance with the Brown Act, in fact above and beyond the requirements of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

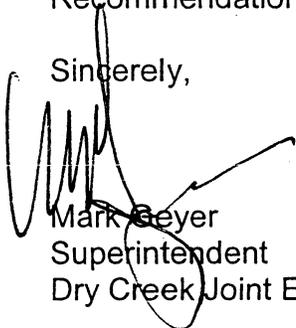
Recommendation #5:

Each of the school districts with currently outstanding refinanced bond issues should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

The District will work with the Treasurer to identify any financings for which bond transcripts are not on file with the Treasurer.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,



Mark Beyer
Superintendent
Dry Creek Joint Elementary School District

Cc: School District Board of Trustees

Eureka Union School District

5455 Eureka Road
Granite Bay, CA 95746
Phone: 916-791-4939
FAX: 916-791-5527
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Dr. Tim McCarty, Superintendent
Assistant Superintendents:
Rick Schrichfield
Dr. Heidi Dettwiller
Chief Business Officer:
Melody Glaspey
Director of Special Education:
Teri Louer

September 11, 2009

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OCT 1 - 2009

Placer County Grand Jury

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The EUREKA Union School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

Disagree with finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings are posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door to the District office. However, in the EUREKA USD, additional communication/notification is also posted on the District web site. As standard operating procedure, the public notification process and board meeting discussions, including public comment, serve to provide voters and taxpayers every opportunity to be fully informed and to have their concerns addressed publicly.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions "can be" self-serving.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are not excessive and can help make sure that the terms of the proposed

issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statues that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds "when market conditions permit" (emphasis added). This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process at EUREKA USD wherein the District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at EUREKA USD. In accordance with the Brown Act, in fact above and beyond the requirements of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is invited at the board meeting, and all resulting

decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

Recommendation #5:

Note: *Not all districts are required to address this recommendation.*

Each of the school districts with currently outstanding refinanced bond issues should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

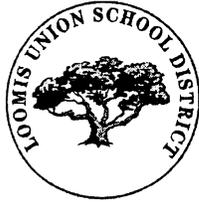
Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,

A handwritten signature in black ink that reads "Tim McCarty". The signature is written in a cursive, flowing style.

Tim McCarty, Ed.D.
Superintendent

cc: Eureka USD Board of Trustees



Loomis Union School District

3290 Humphrey Road, Loomis, CA 95650 (916) 652-1800

www.loomis-usd.k12.ca.us

Building Excellence in Education since 1856

Paul Johnson, Superintendent

September 17, 2009

RECEIVED

SEP 24 2009

Placer County Grand Jury

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Response to the Grand Jury on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to the Grand Jury Findings:

Finding #2:

Even if the Attorney General's opinion had not been issued, it is at best legally questionable for additional money for a capital project to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree:

Public school officials were advised and guided by bond counsels, underwriters and financial advisors who were, and still are considered experts in the field of California public finance. These bond counsel firms provided signed legal opinions to school district officials regarding the validity of these findings. The Loomis Union School District administrative staff does not have the legal expertise to render a legal opinion on the practice of cash-out refunding.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed agendas.

Disagree with Finding:

In accordance with the Brown Act, the Loomis Union School District is required to post notifications of public meetings on the front door to the District Office. However, the District exceeds this minimum requirement by posting notifications of public meetings at all school sites and on the District's web site. Approved public meeting minutes are also posted on the District's web site. The public notification process and board meeting discussions, along with comments from the public, serve to keep the voters and taxpayers fully informed and to have their concerns addressed in a public setting.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The Loomis Union School District agrees with this finding.

Sincerely,

A handwritten signature in black ink that reads "Paul Johnson". The signature is written in a cursive style with a large, prominent "P" and "J".

Paul Johnson
Superintendent

Cc: Board of Trustees



Loomis Union School District

3290 Humphrey Road, Loomis, CA 95650 (916) 652-1800

www.loomis-usd.k12.ca.us

Building Excellence in Education since 1856

Paul Johnson, Superintendent

November 5, 2009

RECEIVED

NOV 12 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Placer County Grand Jury

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Response to the Grand Jury Recommendations on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Recommendations:

Recommendation #1:

School districts should not do cash out refundings in the future without voter approval.

This recommendation has been implemented. The Loomis Union School District has never participated in the practice of generating cash out refundings in regards to refinancing a voter approved General Obligation Bond.

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented. The Loomis Union School District works closely with its financial advisors to regularly analyze the structure of its outstanding General Obligation Bond to determine if current market conditions support the refinancing of the bond. The refinancing process will not be commissioned unless it can be demonstrated that the outcome will benefit the taxpayer community.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation has been implemented. The Loomis Union School District will exceed the minimum requirements of the Brown Act by posting public notifications of public meetings at all school sites and on the District's web page. Board meeting agendas are also sent to all school sites and posted on the District's web page. Data and financial analyses presented at publicly conducted board meetings will be included on the District's web page. Time is allowed at each board meeting for the public to provide input and comment on agenda items.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation has been implemented. The Loomis Union School District will send all relevant documentation for future bond refinancings to the Treasurer's office.

Recommendation #5:

Each of the school districts with currently outstanding refinanced bond issue should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

This recommendation has been implemented. The Loomis Union School District does not have an outstanding refinanced bond issue. However, the district is committed to working closely with the Treasurer's office in the event that a bond refinancing is considered to ensure all relevant documentation is complete and accurate.

Recommendation #6:

The County Treasurer should establish an annual program to communicate with County school districts to remind them about the potential benefits and costs of refinancing GO Bonds depending on market conditions. The communication should include a request that the districts voluntarily review with the Treasurer's office in advance the plans for any new issue and refinancing being considered.

This recommendation has been implemented. The Loomis Union School District will work with the Treasurer's office to determine if the potential costs and benefits of refinancing its GO Bond is of benefit to the taxpayer community. The Treasurer's office will be notified in advance of plans for any new issue or refinancing.

Sincerely,

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

Paul Johnson
Superintendent



Newcastle Elementary School District

*Newcastle Elementary School (est 1865)

*Newcastle Charter School (est 2005)

8951 Valley View Dr., Newcastle, CA 95658
phone 1.916.663.3307 ---- fax 1.916.663.3524

- Kathleen Daugherty, Supt/Principal
- Nancy McKenzie, CBO

September 30, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville, CA 95661

RECEIVED
OCT 1 - 2009
Placer County Grand Jury

Placer County Grand Jury
11490 C Ave.
Auburn, CA 95603

Re: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Newcastle Elementary School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. While District representatives may have an opinion on the practice of cash-out refunding, they do not consider themselves qualified to render a legal opinion on the practice of cash-out refunding.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

Disagree with finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings were posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door to the District office. However, in the Newcastle Elementary School District, additional communication/notification is posted on the door at the school site location of the meeting and the door of the school library.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions “can be” self-serving.

Finding #7:

Existing State law does not require the office of the (County) Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The district agrees that taxpayers can benefit from refinancing outstanding bonds “when market conditions permit”. This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process at Newcastle Elementary School District wherein the District reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at NESD. In accordance with the Brown Act, all decisions to be made are itemized on the board agenda and posted in multiple locations. Public comment is invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond financings in the same manner as for original bond issues.

This recommendation has been implemented and the Treasurer is included as part of the distribution list for all bond documents in future financings, as with an original bond issuance.

Thank you for the opportunity to respond to the Grand Jury findings and Recommendations on Refinancing School District Bonds.

Sincerely,



Kathleen Daugherty
Superintendent/Principal

cc: NESD Board of Trustees

Placer Union High School District

MR. JEFFREY TOOKER
ASSISTANT SUPERINTENDENT
EDUCATIONAL SERVICES

MR. DOUGLAS MARQUAND
ASSISTANT SUPERINTENDENT
ADMINISTRATIVE SERVICES

MR. GREGG RAMSETH
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COLFAX HIGH SCHOOL
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MAIDU HIGH SCHOOL
PLACER HIGH SCHOOL
PLACER SCHOOL FOR ADULTS

RECEIVED

SEP 24 2009

Placer County Grand Jury

September 16, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Placer Union High School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

The District partially agrees with this finding: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

The District disagrees with this finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of meeting minutes were posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door to the District office. However, in the Placer Union High School District, additional communication/notification is posted at all school sites, is provided to the local

media via U.S. Mail and email, and now is also posted on the District web site. As standard operating procedure, the public notification process and board meeting discussions, including public comment, serve to provide voters and taxpayers every opportunity to be fully informed and to have their concerns addressed publicly. Furthermore, the minutes for the meeting of the District's Bond Oversight Committee on March 15, 2005, reflect that the Superintendent shared with that committee, which was comprised of community representatives, that the District was considering refinancing the bond to a lower rate.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions "can be" self-serving.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statues that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds “when market conditions permit” (emphasis added). This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #1:

School districts should do no cash out refunding in the future without voter approval.

This recommendation has been implemented based on the January 9, 2009 published opinion of the Attorney General.

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process at Placer Union High School District wherein the District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at Placer Union High School District. In accordance with the Brown Act, in fact above and beyond the requirements of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

Each school district should voluntarily provide the Treasurer’s office with all relevant documentation for future bond financings in the same manner as for original bond issues.

This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

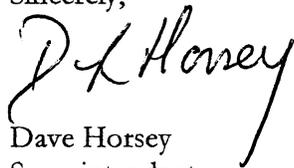
Recommendation #5:

Each of the school districts with currently outstanding refinanced bond issues should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

The District will work with the Treasurer to identify any financings for which bond transcripts are not on file with the Treasurer. While the Treasurer has indicated she is willing to be a repository for bond transcripts, there is no authority to compel districts to comply with this recommendation.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,

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

Dave Horsey
Superintendent

Rocklin Unified School District

2615 Sierra Meadows Drive • Rocklin, CA 95677
Phone (916) 624-2428 • FAX (916) 624-7246



Linda Rooney, Deputy Superintendent
Barbara Patterson, Associate Superintendent

Kevin Brown, Superintendent

Robert Lee, Assistant Superintendent
Larry Stark, Assistant Superintendent

September 15, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

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SEP 20 2009

Placer County Grand Jury

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Rocklin Unified School District Responses to Grand
Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Placer County Grand Jury:

Recently, the 2008-2009 Placer County Grand Jury published its annual final report to the community regarding school district bond refinancings. The report made eight findings and provided six recommendations. The Rocklin Unified School District ("District") was specifically asked to respond to recommendation numbers two, three and four.

In compliance with Penal Code section 933(c) the District submits the written responses below to finding numbers one through eight and recommendation numbers two, three and four of the final report of the Placer County Grand Jury. For each response to a finding, in accordance with Penal Code section 933.05(a), the Grand Jury requested, and the District responds by indicating one of the following possible responses:

1. The District agrees with the finding; or
2. The District disagrees wholly or partially with the finding, in which case the District shall specify the portion of the finding that is disputed and shall include an explanation of the reasons for the disagreement.

For each response to a recommendation, in accordance with Penal Code section 933.05(b), the Grand Jury requested, and the District responds by indicating one of the following possible responses:

1. The recommendation has been implemented, with a summary of the implemented action;
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation;
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time

frame shall not exceed six months from the date of publication of the Grand Jury report;
or

4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

RESPONSES TO FINDINGS

Finding No. 1: *The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits, or legislation, that overrides that opinion.*

The District agrees with Finding No. 1.

Finding No. 2: *Even if the Attorney General's opinion had not been issued, it is at best legally questionable for additional money for a capital project to be taken out of a bond refinancing beyond what was approved by voters.*

The District partially agrees with Finding No. 2. Typically, the District's staff is guided by bond counsel together with other members of the District's financial consulting team, including an underwriter and financial advisor who are considered top experts in the field of California public finance. Bond counsel signs its name on legal opinions regarding the validity of the District's financings. The District relies on these professionals, especially bond counsel, concerning the legality of any financings engaged in by the District. The District is not qualified on its own to determine whether a financing is in compliance with the laws governing such financing. In particular, the District is not qualified to render a legal opinion on the practice of cash-out refunding.

Finding No. 3: *Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed agendas.*

The District disagrees with Finding No. 3. As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings are posted for the public. The Brown Act requires the District to post notification of public meetings only on the front door of the District Office. However, it is District practice to additionally post such notice at school sites and on the District's web site. As standard operating procedure, the public notification process and board meeting discussions, including public comment, serve to provide voters and taxpayers every opportunity to be fully informed and to have their concerns addressed publicly.

Finding No. 4: *Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.*

The District agrees with Finding No. 4.

Finding No. 5: *Especially because the documentation involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.*

The District agrees that the potential for abuse exists for bond refinancings and the original issuance of bonds, or for any matter that involves the money of a public agency, private company, and individual citizen. However, the District does not have actual knowledge regarding how often issuers engage in refinancings or the specific nature of these financings undertaken outside of the District. Therefore, the District cannot make a determination as to qualifying the potential for abuse as high or otherwise, nor can the District assert any knowledge regarding abuses that may have taken place at other school districts. The issuance of debt for California public agencies is governed by many requirements imposed by the state and various regulatory bodies that are intended to eliminate or limit such abuse, including California Debt and Investment Advisory Commission, California Fair Political Practices Commission, U.S. Securities and Exchange Commission, Internal Revenue Service, Municipal Securities Rulemaking Board, and the Financial Industry Regulatory Authority.

Finding No. 6: *No timely, reliable State oversight exists for the refinancing process. School Boards generally accept the recommendations of district personnel, and these are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.*

The District agrees that there is no timely, reliable State oversight for the refinancing process. Further, the District agrees that investment banker and bond counsel opinions "can be", in certain situations, self-serving.

Finding No. 7: *Existing State law does not require the office of the Treasurer to be involved early in the process of issuing GO bond, or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure issuance costs are not excessive, and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.*

The District agrees with Finding No. 7. The District has made an active effort to include the Treasurer in all GO bond and Mello-Roos bond financings conducted by the District since 1991. The Treasurer's office has received all documents associated with these financings and has been given the opportunity to provide comments and advice on each transaction.

Finding No. 8: *The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.*

The District agrees that taxpayers can benefit from refinancing outstanding bonds "when market conditions permit." A decision to refinance includes consideration of features incorporated into the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all of its outstanding GO bonds for opportunities to achieve net savings on such bonds.

RESPONSES TO RECOMMENDATIONS

Generally: The District has issued general obligations bonds, Mello- Roos bonds for its Community Facilities Districts Nos. 1 and 2, certificates of participation ("COPs"), and other debt financings. Additionally, the District has refunded certain of its debt obligations, when it made financial sense to do so. For each type of financing (or refunding) described above, the District has always satisfied and complied with all requirements of local, state and federal law with respect to the issuance of such debt obligations. Furthermore, the District has always endeavored to disclose and make transparent its decisions regarding the District's financial obligations and economic status.

For example, for the above-mentioned debt financings, the District has complied and continues to comply with all filing requirements mandated by the California Debt Issuance and Advisory Commission (CDIAC) along with all of its continuing disclosure requirements imposed by regulations promulgated under the Securities Exchange Act of 1934 ("Exchange Act"), including any required material event disclosures. Additionally, the District has and continues to abide by the arbitrage rebate requirements of the IRS.

The public can be further assured about the District's disclosures and other information provided in connection with the offering of such debt obligations. Federal securities laws require that such information must not contain any untrue statement of material fact and must not omit to state a material fact necessary to make such information not misleading.

Specifically with respect to general obligation bonds, there are certain requirements that the District must follow for purposes of disclosure and oversight. For example, Education Code section 15146 requires, for any bonds issued after September 7, 2006, that the District's Board adopt a resolution prior to sale which includes a description of the method of sale, a statement of reasons why method of sale was selected, a list of bond counsel, financial advisor, underwriter, and an additional description of the estimated costs of issuance. The District has followed and will continue to meet the requirements of Education Code Section 15146. Additionally, the District is aware that it may only use general obligation bond proceeds for the purposes approved by the voters in the ballot measure. The District is aided in ensuring that the bond proceeds are spent in accordance with the ballot measure by an active citizens' bond oversight committee. The independent financial and performance audits required by the Education Code for general obligation bond measures approved by 55% of voters have never suggested that the District has expended bond proceeds in a manner not consistent with the purposes set forth in the ballot measure.

For its Mello-Roos bonds the District is in conformance with the special continuing disclosure requirements, including submitting annual reports to the California Debt and Investment Advisory Committee, as set forth in the Education Code.

Effective January 1, 2009, newly added Education Code section 17150.1 requires that no later than thirty (30) days before the District's governing board ("Board") provides its approval for the District to proceed with the issuance of COPs or other forms of non-voter approved debt, the District must notify the County Superintendent of Schools and the County Auditor, as well as the Board and the public. Such notice must provide information to assess the anticipated effect of the debt issuance, including repayment schedules, evidence of the ability of the District to repay the obligation, and the estimated costs of issuance. For its COPs issued prior to 2009, the District complied with Education Code section 17150, which required similar notice be provided to the County Superintendent of Schools and the County Auditor, but did not require the thirty (30) day advance notice.

Another way in which the District ensures that it is complying with applicable local, state and federal law related to public financings is by using nationally recognized bond counsel and financial advisors and other consultants. These members of the District's financing team are well versed in the restrictions and disclosure requirements for the District's debt financings. The District relies on its financing team because they are experts in their field and can advise the District with respect to compliance and disclosure issues.

Finally, as the Placer County Grand Jury noted in its report, the District has never engaged in a cash-out refunding of any of its issues of general obligation bonds.

Recommendation No. 2: *School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.*

Recommendation No. 2 has been implemented. The District already works closely with its bond counsel and financial advisor to periodically determine if refinancing of its outstanding general obligation bonds would benefit both the taxpayers and the District. This practice is expected to continue in the future. As stated above, the District relies on the expertise of its legal and financial consultants with respect to its public financings.

Recommendation No. 3: *When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.*

Recommendation No. 3 has been implemented. As state above in Finding No. 3, in accordance with the Brown Act, action items for the District's governing board are itemized on the board agenda and posted in multiple locations, including the District office and on the District's web site. Additionally, the District already discloses the costs and benefits to the public of a potential refinancing at its Board meetings. Further, the District allows ample time and opportunity for public comments and discussion concerning such matters. After the Board has

The Honorable Alan V. Pineschi
Placer County Grand Jury
September 15, 2009
Page 6

approved a refinancing, the minutes of the Board meeting, which includes the decision to refinance and its rationale, are made available to the public in both hard copy and electronic versions.

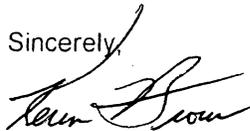
Recommendation No. 4: *Each school district should voluntarily provide the Treasurer's office with all relevant documentation for the future bond refinancings in the same manner as for original bond issues.*

Recommendation No. 4 will be implemented for future bond refinancings in the same manner that the District has been involving the Treasurer's office in all GO bond and CFD bond financings since 1991. The County Treasurer will be included in the distribution list for all bond documents related to future refinancings and the original issuance of future debt, as it has been since 1991.

CONCLUSION

The District appreciates the work of the Grand Jury to examine the practice of "cash out refunding" of general obligation bonds by school districts within Placer County. Although the District has not participated in such a refinancing, it has taken under advisement all of the report's findings and recommendations concerning refinancings.

Should the Grand Jury have any questions or need any additional information, please do not hesitate to contact my office at (916) 630-2230.

Sincerely,


Kevin Brown
Superintendent
Rocklin Unified School District

cc: Board of Trustees



Board of Education

Rene Aguilera
Krista Bernasconi Gary Miller
Susan Goto Brett W. McFadden

Richard L. Pierucci, Superintendent

"Achieving Tomorrow by Educating Today"

September 23, 2009

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SEP 23 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

Placer County Grand Jury

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Roseville City School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by the voters.

Partially Agree: The Roseville City School District has not participated in "cash out refunding". Education officials are guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. The District does not employ individuals who would consider themselves qualified to render a legal opinion on the practice of cash-out refunding.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed agendas.

The Roseville City School District has not participated in bond refinancing. Therefore the District cannot comment on this finding.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the financing process. The District also agrees that investment banker and bond counsel opinions “can be” self-serving.

Finding #7:

Existing State law does not require the office of the Treasurer to be involved early in the process of issuing GO bonds, or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure issuance costs are not excessive, and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience, and capabilities. In the absence of the State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school district represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds “when market conditions permit”. This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School district should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented. As is the current practice, The Roseville City School District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers.

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville, CA 95661

Page 3

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not be before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation has been implemented. The Roseville City School District has not refinanced a bond, but will implement this recommendation with all potential bond refinancing in the future.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,



Richard L. Pierucci
Superintendent

Cc: Roseville City School District Board of Trustees



Roseville Joint Union High School District

1750 CIRBY WAY, ROSEVILLE, CALIFORNIA 95661
Office: (916) 782-8882 • Fax: (916) 786-2681 • E-mail: tmonetti@rjuhsd.k12.ca.us

TONY MONETTI, Superintendent

RECEIVED
OCT 25 2009
Placer County Grand Jury

BOARD OF TRUSTEES
JACK DURAN
GARRY GENZLINGER
SCOTT E. HUBER
R. JAN PINNEY
PAIGE K. STAUSS

September 28, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Roseville Joint Union High School District Response to
Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Placer County Grand Jury:

Recently, the 2008-2009 Placer County Grand Jury published its annual final report to the community regarding school district bond refinancings. The report made eight findings and provided six recommendations. The Roseville Joint Union High School District was specifically asked to respond to recommendation numbers two, three and four.

In compliance with Penal Code section 933(c), the District submits the written responses below to finding numbers one through eight and recommendation numbers two, three and four of the final report of the Placer County Grand Jury. For each response to a finding, in accordance with Penal Code section 933.05(a), the Grand Jury requested, and the District responds by indicating one of the following possible responses:

1. The District agrees with the findings; or
2. The District disagrees wholly or partially with the finding, in which case the District shall specify the portion of the finding that is disputed and shall include an explanation of the reasons for the disagreement.

For each response to a recommendation, in accordance with Penal Code section 933.05(b), the Grand Jury requested, and the District responds by indicating one of the following possible responses.

1. The recommendation has been implemented, with the summary of the implemented action;

2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation;
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report; or
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

RESPONSES TO FINDINGS

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits, or legislation that overrides that opinion.

The District agrees with finding #1.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

The District partially agrees with finding #2. Typically, District officials are guided by bond counsel in concert with underwriters and financial advisors who are considered top experts in the field of California public finance. The bond counsel firms sign their names on legal opinions regarding the validity of District financings. The District relies on these professionals, especially bond counsel, concerning the legality of any financings engaged in by the District. The District is not qualified on its own to determine whether a financing is in compliance with the laws governing such financings. In particular, the District is not qualified to render a legal opinion on the practice of cash-out refunding.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

The District has not engaged in refinancing any of its own bonded debt, either as "cash out" or through another financial restructuring. The District is not one of the seven

districts referenced in the Grand Jury report. The District does not have information on this finding that would allow it to make a determination in agreement or disagreement.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with finding #4.

Finding #5:

Especially because the documentation involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel, and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions "can be" self-serving.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure issuance costs are not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the

absence of any State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with find #7.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds “when market conditions permit”. A decision to refinance includes consideration of features incorporated into the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on outstanding bonds.

RESPONSES TO RECOMMENDATIONS

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process. The District regularly reviews its outstanding bonds to determine if refinancing the bonds would benefit the taxpayers. This practice is expected to continue in the future. As stated earlier, the district relies on the expertise of its legal and financial consultants with respect to its public financings.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

The District agrees that in the future, if a non-voter approved bond refinancing is being considered, shared information will go well beyond posting as a board agenda item. Special effort will be made to include public notification in a local publication/newspaper of widespread distribution. Information will include the District’s rationale for the

The Honorable Alan V. Pineschi
Placer County Grand Jury
September 28, 2009
Page 5 of 5

refinancing, costs and benefits to the public, Board dates when the public will be provided time for comments and discussion on the matter, and the Board date when a voting action would be made on the refinancing. If the Board votes to refinance, the decision will be made available to the public in the publication of widespread distribution, as well as in the Board minutes.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation will be implemented. The Treasurer will be added to the distribution list for all bond documents related to future refinancings and the original issuance of future debt.

CONCLUSION

The district appreciates the work and due diligence of the Grand Jury in examining the practice of "cash out refunding" of general obligation bonded debt by school districts within Placer County. As stated previously in Finding #3, the district has not participated in "cash out" refunding activity for any of its general obligation debt issuances; however, the district has taken under advisement all of the Jury's findings and recommendations concerning refinancings.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,



Tony Monetti
Superintendent

cc: Board of Trustees

SIERRA COLLEGE

We facilitate learning, inspire change and build community

October 1, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

RECEIVED
OCT 5 - 2009
Placer County Grand Jury

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Sierra Joint Community College District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings; however the District never did undertake such a refinancing.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

Disagree with finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings

are posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door to the District office. However, at Sierra Joint Community College District, additional communication/notification is posted at all sites, and also on the District web site. As standard operating procedure, the public notification process and board meeting discussions, including public comment, serve to provide voters and taxpayers every opportunity to be fully informed and to have their concerns addressed publicly.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions "can be" self-serving. In addition, investment banker and bond counsel opinions are subject to and included within the scope of the District independence audit.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer's office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to

ensure costs are not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statues that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds "when market conditions permit" (emphasis added). This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding General Obligation bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process at Sierra Joint Community College District wherein the District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at Sierra Joint Community College District. In accordance with the Brown Act, in fact above and beyond the requirements

of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

Each school district should voluntarily provide the Treasurer's office with all relevant documentation for future bond refinancings in the same manner as for original bond issues.

This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,



Dr. Leo E. Chavez
Superintendent/President

Cc: Sierra Joint Community College District Board of Trustees



Tahoe Truckee Unified School District

Stephen A. Jennings, Superintendent

September 16, 2009

RECEIVED

SEP 10 2009

Placer County Grand Jury

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Tahoe Truckee Unified School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. While, as stated in the Grand Jury Report, the Treasurer and the current Assistant Superintendent of Business at TTUSD have an opinion on the practice of cash-out refunding, they do not consider themselves qualified to render a legal opinion on the practice of cash-out refunding.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the Grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

Disagree with finding: As required by law and according to District practice, all public hearing notifications, board agenda postings and documentation of minutes of meetings were posted for the public. In fact, the Brown Act requires the District to post notification of public meetings only on the front door to the District office. However, in the Tahoe Truckee USD, additional communication/notification is posted at all school sites, and now is also posted on the District web site. As standard operating procedure, the public notification process and board meeting discussions, including public comment, serve to provide voters and taxpayers every opportunity to be fully informed and to have their concerns addressed publicly.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The District agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The District agrees that the potential for abuse exists. The District does not have actual information on how often this is the case on a market basis and, therefore, cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The District agrees that there is no timely, reliable State oversight for the refinancing process. The District also agrees that investment banker and bond counsel opinions “can be” self-serving.

Finding #7:

Existing State law does not require the office of the County Treasurer to be involved early in the process of issuing GO bonds or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer’s office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are

not excessive and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer's knowledge, experience and capabilities. In the absence of any State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The District agrees that taxpayers can benefit from refinancing outstanding bonds "when market conditions permit" (emphasis added). This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The District regularly reviews all outstanding school GO bonds for opportunities to achieve net savings on bonds outstanding.

Response to Recommendations:

Recommendation #2:

School districts should regularly survey their outstanding bond issues in light of then-current market decisions to determine if refinancing the bonds could benefit taxpayers. The districts should make use of their various bond company contacts as appropriate to obtain analysis and counsel regarding market conditions as they apply to their existing bonds.

This recommendation has been implemented and is an on-going process at Tahoe Truckee USD wherein the District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

Recommendation #3:

When a potential bond refinancing is being considered by a school district (and it will not go before the voters for a decision), the district should make a special effort to disclose the costs and benefits to the public. It should actively seek public input before and during the board meeting at which the decision is to be made. Once a decision is made to refinance, the decision and its rationale should be disclosed and communicated to the public.

This recommendation is currently the practice at Tahoe Truckee USD. In accordance with the Brown Act, in fact above and beyond the requirements of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is

invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

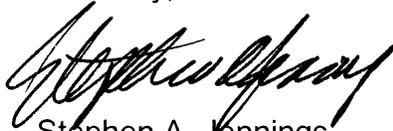
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This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

The District will work with the Treasurer to identify any financings for which bond transcripts are not on file with the Treasurer. While the Treasurer has indicated she is willing to be a repository for bond transcripts, there is no authority to compel districts to comply with this recommendation.

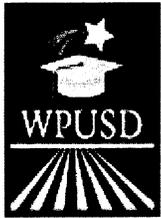
Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen A. Jennings".

Stephen A. Jennings
Superintendent

Cc: School District Board of Trustees



WESTERN PLACER UNIFIED SCHOOL DISTRICT

600 Sixth Street, Suite 400, Lincoln, CA 95648 Ph: 916-645-6350

Board of Trustees: Paul Long
Brian Haley
Paul Carras
Terry Gage
Ana Stevenson

Superintendent: Scott Leaman

September 28, 2009

RECEIVED

OCT 1 - 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
PO Box 619072
Roseville CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn CA 95603
Placer County Grand Jury

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits or legislation that overrides that opinion.

The Western Placer Unified School District agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is, at best, legally questionable for additional money for capital projects to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by bond counsels in concert with underwriters and financial advisors who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. While, as stated in the Grand Jury Report, the Treasurer and the current Assistant Superintendent of Business at Western Placer Unified School District have an opinion on the practice of cash-out refunding, they do not consider themselves qualified to render a legal opinion on the practice of cash-out refunding.

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The District agrees with this finding.

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Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

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any State statues that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The District agrees with this finding.

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The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

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Response to Recommendations:

Recommendation #2:

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This recommendation has been implemented and is an on-going process at Western Placer Unified School District wherein the District regularly reviews its outstanding bonds to determine if refinancing the bonds could benefit the taxpayers. This practice is expected to continue in the future.

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This recommendation is currently the practice at Western Placer Unified School District. In accordance with the Brown Act, in fact above and beyond the requirements of the Act, all decisions to be made are first itemized in the board agenda and posted in multiple locations, including electronically online, public comment is invited at the board meeting, and all resulting decisions are documented in the board minutes which are distributed in both paper and electronic versions.

Recommendation #4:

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This recommendation will be implemented and the Treasurer will be added to the distribution list for all bond documents in future refinancings, as with an original bond issuance.

Recommendation #5:

Each of the school districts with currently outstanding refinanced bond issues should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

The District will work with the Treasurer to identify any financings for which bond transcripts are not on file with the Treasurer. While the Treasurer has indicated she is willing to be a repository for bond transcripts, there is no authority to compel districts to comply with this recommendation.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds.

Sincerely



Scott Leaman
Superintendent

cc: School District Board of Trustees

Office of
Jenine Windeshausen
Treasurer-Tax Collector
County of Placer



August 28, 2009

RECEIVED
SEP 01 2009
Placer County Grand Jury

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P. O. Box 619072
Roseville, CA 95661

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RE: Response to Grand Jury Report on Refinancing School District Bonds

Dear Judge Pineschi and Members of the Grand Jury:

Response to Grand Jury Findings:

Finding #1:

The Attorney General's recently published opinion makes it unlikely that any future cash out refundings will take place, unless case law develops from future lawsuits, or legislation, that overrides that opinion.

The Treasurer agrees with this opinion.

Finding #2:

Even if the Attorney General's opinion had not been issued, it is at best legally questionable for additional money for a capital project to be taken out of a bond refinancing beyond what was approved by voters.

Partially Agree: Initially, education officials were guided by "Bond Companies" who were bond counsels in concert with underwriters who were and are considered top experts in the field of California public finance. These bond counsel firms put their names on legal opinions regarding the validity of these financings. Prior to the Attorney General's opinion, the increased issuance of cash out refundings had become controversial with parties on both sides debating the legality of the practice. In fact some bond counsels may argue that the Attorney General's opinion is wrong as it is an opinion, not law. While, as stated in the Grand Jury Report, the Treasurer does not look favorably on the practice of cash-out refunding, the Treasurer does not consider herself qualified to render a legal opinion on the practice of cash-out refunding. The Treasurer is pleased to know that the Attorney General's opinion is aligned with her view of the

practice. However, the Treasurer does find it perplexing that to date those “Bond Companies” who participated in the practice of cash-out refunding and so advised their school district clients have not been held answerable for their advice and legal opinions.

Finding #3:

Voters and taxpayers received virtually no communication from the school districts in the seven cases of bond refinancing examined by the grand Jury, either before or after the decisions were made other than publicly noticed on agendas.

The Treasurer does not have information on this finding that would allow her to make a determination in agreement or disagreement.

Finding #4:

Refinancing decisions may involve millions of dollars, but no requirement exists for communicating these decisions to taxpayers beyond minimal legal notice.

The Treasurer agrees with this finding.

Finding #5:

Especially because the document involved in refinancing a bond issue does not normally disclose explicitly the details about the bond proceeds and what is done with the money, refinancings present a high potential for abuse. This can include cash being taken out of the transaction without being authorized, excessive fees being charged for issuance, taxpayer savings being much less than expected when the effort was approved, etc.

The Treasurer agrees that the potential for abuse exists. The Treasurer does not have actual information on how often this is the case on a market basis and therefore cannot make a determination as to qualifying the potential as high or otherwise.

Finding #6:

No timely, reliable State oversight exists for the refinancing process. School boards generally accept the recommendations of district personnel, and those are generally guided significantly by the investment bankers and bond counsels whose opinions can be, by their nature, self-serving.

The Treasurer agrees that there is no timely, reliable State oversight for the refinancing process. The Treasurer does not have actual information on the process that the various school boards in the County undertake with regard to advisement by their staff or other

individuals involved in the debt issuance process. The Treasurer agrees that investment banker and bond counsel opinions “can be” self-serving.

Finding #7:

Existing State law does not require the office of the [County] Treasurer to be involved early in the process of issuing GO bonds, or to be involved at all in bond refinancings. However, the Treasurer can provide valuable services to school districts regarding their proposed bond issues. The Treasurer’s office can offer an impartial viewpoint on alternatives and provide access to others in the financial community with different points of view. The Treasurer can help structure the many variables of a bond offering to be in the best interests of the district. The Treasurer can help evaluate the fee structure to ensure costs are not excessive, and can help make sure that the terms of the proposed issue are well understood and do not include cash out provisions or other inappropriate features. A school district and its property taxpayers would benefit from taking advantage of the Treasurer’s knowledge, experience and capabilities. In the absence of any State statutes that require this communication to take place, this arrangement may best be established by mutually voluntary agreement.

The Treasurer agrees with this finding.

Finding #8:

The currently outstanding GO bonds in Placer County school districts represent a significant potential opportunity for taxpayers to benefit from refinancing those bonds when market conditions permit.

The Treasurer agrees that taxpayers can benefit from refinancing outstanding bonds “when market conditions permit” (emphasis added). This includes consideration of features included in the outstanding bonds that may affect the feasibility of refunding in any given market. Overall consideration must be given to the net savings generated for the benefit of taxpayers. The Treasurer has reviewed virtually all outstanding school GO bonds. Except for one outstanding GO bond, the Treasurer believes that given the current market, there are currently no opportunities to achieve net savings on school district GO bonds. The associated district has been advised of the refunding opportunity.

Placer County Treasurer
Response to 08/09 Grand Jury Report
Refinancing School District Bonds
August 26, 2009
Page 4 of 4

Response to Recommendations:

Recommendation #5:

Each of the school districts with currently outstanding refinanced bond issues should work with the Treasurer's office to ensure that the documentation on file for those issues is complete.

The Treasurer has notified the districts of the financings for which bond transcripts are not on file with the Treasurer. While the Treasurer is willing to be a repository for bond transcripts there is no authority to compel districts to comply with this recommendation.

Recommendation #6:

The County Treasurer should establish an annual program to communicate with county school districts to remind them about the potential benefits and costs of refinancing GO bonds depending on market conditions. The communication should include a request that the districts voluntarily review with the Treasurer's office in advance the plans for any new issues and refinancing being considered.

The Treasurer has a history of meeting at least annually with the school district business officials to address various matters and has continually offered the Treasurer's services in the issuance of debt and other matters. The Treasurer is also in ongoing communication with school districts through the Business Services Division of the County Office of Education. The most recent meeting with school district business officials was February 25, 2009, where cash-flow and various financing related matters were discussed.

Thank you for the opportunity to respond to the Grand Jury Findings and Recommendations on Refinancing School District Bonds. As always the Treasurer stands ready assist Treasury depositors in any way possible.

Sincerely,



Jenine Windeshausen
Placer County Treasurer Tax Collector

Cc: Placer County Board of Supervisors

Placer County
2008 – 2009 Grand Jury
Recommendation Responses

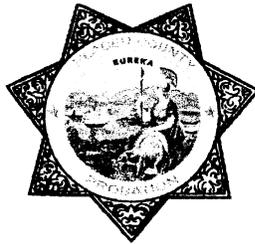
**ANNUAL INSPECTION OF THE PLACER COUNTY JUVENILE
DETENTION FACILITY**

(Pages 73 - 77, 2008 - 2009 Final Report)

STEPHEN G. PECOR
Chief Probation Officer

MICHAEL E. CHOLERTON
Assistant Chief Probation Officer

Auburn Justice Center
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Auburn, CA 95603
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(530) 889-7950 (fax)
www.placer.ca.gov



Santucci Justice Center
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Suite 170, Rsvl, CA 95678
(916) 543-7400
(916) 543-7472 (fax)

Juvenile Detention Facility
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Auburn, CA 95603
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(530) 886-4588 (fax)

Central Kitchen
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Auburn, CA 95603
(530) 889-7923
(530) 889-7955

COUNTY OF PLACER

CSOC - Probation
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Auburn, CA 95603
(530) 889-6700
(530) 889-6735 (fax)

CSOC - Roseville
1130 Conroy
Roseville, CA 95661
(916) 784-6440
(916) 784-6480 (fax)

PROBATION DEPARTMENT

Youth Resource Center
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Roseville, CA 95661
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(916) 784-6165 (fax)

Loomis - Probation
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Loomis, CA 95650
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(916) 652-2490 (fax)

Tahoe Office - Probation
PO Box 363
Tahoe Vista, CA 96148
(530) 546-1960
(530) 546-8734 (fax)

August 14, 2009

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RECEIVED

AUG 19 2009

Placer County Grand Jury

Dear Grand Jury Members,

I am pleased to submit my response to the 2008-09 Grand Jury Final Report of the Placer County Grand Jury – Annual Inspection of the Placer County Juvenile Detention Facility. I have carefully reviewed the findings and recommendations in the Final Report. My statement of response follows below.

Findings:

1. In compliance with Penal Code Section 919(b) the Grand Jury inspected the Juvenile Detention Facility and found it to be clean and well maintained.
2. The Grand Jury is concerned that the JDF has placed too low a priority on installation of additional surveillance cameras with recording devices, because:
 - a. Little or no progress has been made toward the effort to procure and install the cameras in the facility,
 - b. JDF officials appeared to know the process by which to procure the surveillance cameras and equipment,
 - c. JDF officials gave inaccurate statements in their response to the 2007-2008 Grand Jury Final Report by indicating bids had been received, funds allocated, and the cameras would be installed by June 2009, and
 - d. Because the CP1 form had not been completed by April, the installation of cameras cannot be completed by the intended June 2009 date.

Response:

1. I agree with the finding.
2. a) I disagree partially with the finding for the following reasons:
 - While the proposed CCTV project may not have appeared to be making tangible progress, the following outlines the work to date, as well as that projected:

- A February 23, 2009 Memorandum from Facility Services to the Grand Jury, informed the Grand Jury that approval was received from the County Executive Office on February 10th to proceed with a professional services agreement with an engineer to assist us in scoping out this proposed project and developing cost estimates for the preparation of a CP1 Proposal. As a subsequent phase, contingent on CP1 approval, the consultant would produce the design/construction documents.

Capital Improvements staff would be working with Probation and Procurement Services to solicit proposals for engineering services. Based on the result of the first phase of those services, Capital Improvements will get approval for design/construction documents and subsequently bid and construct the improvements.

- The Request for Proposal process was completed and a contract was executed, in June 2009, with GM Engineering (GM) to develop alternative scopes and respective cost options. GM has met with Facilities and Probation staff several times to formulate these alternatives and is expected to deliver the various alternatives for consideration by late August to mid-September 2009.
 - A Capital Outlay Project Request (CP1) will be developed, based on the preferred alternative, and submitted to the County Executive Office for review, funding consideration and potential approval in September/October 2009.
 - If the project is approved, the completion of the design and bid documents is expected to take approximately four weeks. This would be followed by bidding and award, with a typical duration of six to eight weeks and construction of six to eight weeks.
 - The CCTV installation is projected to be complete by the end of the first quarter of 2010.
- b) I agree with the finding.
- c) I disagree partially with the finding for the following reason(s):
- This is just a clarification regarding the statement that JDF officials gave inaccurate statements in their response to the 2007-2008 Grand Jury Final Report. JDF officials, at that time, did believe that they had appropriate bids and sufficient funding and that the cameras could be installed by June, 2009. Subsequent to those indications, it was discovered that the process was more intricate due to potential engineering specifications and costs and due to the necessity to go through the county procurement and capital improvement processes.

d) I agree with the finding.

Conclusions/Recommendations:

1. The Probation Department shall provide the Grand Jury with a copy of the approved official CP1 form for the camera project.
2. The Probation Department shall provide to the Grand Jury a valid timeline of the additional surveillance camera project showing the status on the procurement and installation effort.

Response:

1. The recommendation has been implemented. Upon approval of the CP1, Facility Services and Probation will provide the Grand Jury with a copy of the document. In the event that the project cannot be funded or otherwise approved, the Grand Jury will be notified.
2. The recommendation has been implemented. If the project is approved, the completion of the design and bid documents is expected to take approximately four weeks. This would be followed by bidding and award, with a typical duration of six to eight weeks and construction of six to eight weeks.

The CCTV installation is projected to be complete by the end of the first quarter of 2010.

Sincerely,

PLACER COUNTY PROBATION DEPARTMENT



Stephen G. Pecor
Chief Probation Officer

Cc: Placer County Board of Supervisors
Thomas M. Miller, Placer County Executive Officer



COUNTY OF PLACER

BOARD MEMBERS

F.C. "ROCKY" ROCKHOLM District 1	JIM HOLMES District 3
ROBERT M. WEYGANDT District 2	KIRK UHLER District 4
JENNIFER MONTGOMERY District 5	

OFFICE OF COUNTY EXECUTIVE

THOMAS M. MILLER, County Executive Officer

175 FULWEILER AVENUE / AUBURN, CALIFORNIA 95603

TELEPHONE: 530/889-4030

FAX: 530/889-4023

www.placer.ca.gov

August 20, 2009

The Honorable Alan V. Pineschi
Presiding Judge of the Superior Court
County of Placer
P.O. Box 619072
Roseville, CA 95661

Dear Judge Pineschi,

I am pleased to submit my response to the 2008-09 Grand Jury Final Report of the Placer County Grand Jury – Annual Inspection of the Placer County Juvenile Detention Facility. I have carefully reviewed the findings and recommendations in the Final Report. My statement of response follows below.

Findings:

1. In compliance with Penal Code Section 919(b) the Grand Jury inspected the Juvenile Detention Facility and found it to be clean and well maintained.
2. The Grand Jury is concerned that the JDF has placed too low a priority on installation of additional surveillance cameras with recording devices, because:
 - a. Little or no progress has been made toward the effort to procure and install the cameras in the facility,
 - b. JDF officials appeared to know the process by which to procure the surveillance cameras and equipment,
 - c. JDF officials gave inaccurate statements in their response to the 2007-2008 Grand Jury Final Report by indicating bids had been received, funds allocated, and the cameras would be installed by June 2009, and
 - d. Because the CP1 form had not been completed by April, the installation of cameras cannot be completed by the intended June 2009 date.

Response:

1. I agree with the finding.
2. a) I disagree partially with the finding for the following reasons:

- While the proposed CCTV project may not have appeared to be making tangible progress, the following outlines the work to date, as well as that projected:
- A February 23, 2009 Memorandum from Facility Services to the Grand Jury, informed the Grand Jury that approval was received from the County Executive Office on February 10th to proceed with a professional services agreement with an engineer to assist us in scoping out this proposed project and developing cost estimates for the preparation of a CP1 Proposal. As a subsequent phase, contingent on CP1 approval, the consultant would produce the design/construction documents.

Capital Improvements staff would be working with Probation and Procurement Services to solicit proposals for engineering services. Based on the result of the first phase of those services, Capital Improvements will get approval for design/construction documents and subsequently bid and construct the improvements.

- The Request for Proposal process was completed and a contract was executed, in June 2009, with GM Engineering (GM) to develop alternative scopes and respective cost options. GM has met with Facilities and Probation staff several times to formulate these alternatives and is expected to deliver the various alternatives for consideration by late August to mid-September 2009.
- A Capital Outlay Project Request (CP1) will be developed, based on the preferred alternative, and submitted to the County Executive Office for review, funding consideration and potential approval in September/October 2009.
- If the project is approved, the completion of the design and bid documents is expected to take approximately four weeks. This would be followed by bidding and award, with a typical duration of six to eight weeks and construction of six to eight weeks.
- The CCTV installation is projected to be complete by the end of the first quarter of 2010.
-
- b) I agree with the finding.
- c) I agree with the finding.
- d) I agree with the finding.

Conclusions/Recommendations:

1. The Probation Department shall provide the Grand Jury with a copy of the approved official CP1 form for the camera project.
2. The Probation Department shall provide to the Grand Jury a valid timeline of the additional surveillance camera project showing the status on the procurement and installation effort.

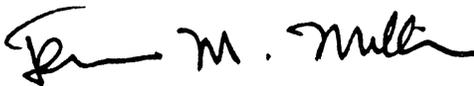
Response:

1. The recommendation has been implemented. Upon approval of the CP1, Facility Services and Probation will provide the Grand Jury with a copy of the document. In the event that the project cannot be funded or otherwise approved, the Grand Jury will be notified.
2. The recommendation has been implemented. If the project is approved, the completion of the design and bid documents is expected to take approximately four weeks. This would be followed by bidding and award, with a typical duration of six to eight weeks and construction of six to eight weeks. The CCTV installation is projected to be complete by the end of the first quarter of 2010.

I appreciate the Grand Jury's interest in Placer County's Juvenile Detention Facility. Thank you for the opportunity to respond to the Final Report of the 2008-2009 Placer County Grand Jury Report.

Sincerely,

COUNTY OF PLACER



Thomas M. Miller,
County Executive Officer

TM:MH:br

Cc: Placer County Grand Jury
Placer County Board of Supervisors
Placer County Chief Probation Officer Stephen Pecor

**Placer County
2008 – 2009 Grand Jury
Recommendation Responses**

ANNUAL INSPECTION OF THE PLACER COUNTY MAIN JAIL

(Pages 85 - 87, 2008 - 2009 Final Report)



PLACER COUNTY
**SHERIFF
CORONER-MARSHAL**



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TAHOE SUBSTATION
DRAWER 1710
TAHOE CITY, CA 96145
PH: (530) 581-6300 FAX: (530) 581-6377

EDWARD N. BONNER
SHERIFF-CORONER-MARSHAL

DEVON BELL
UNDERSHERIFF

August 24, 2009

Placer County Grand Jury
11490 C Avenue
Auburn, CA 95603

RECEIVED

SEP 3 2 2009

Placer County Grand Jury

**Response to Recommendations of the
2008 – 2009 Placer County Grand Jury**

After reviewing the Grand Jury's report and findings concerning the Main Jail, we have prepared the following response to the Grand Jury's recommendations.

Placer County Main Jail

Recommendation #2: The Grand Jury recommends that an analysis be undertaken to evaluate staff overtime use and to provide the results of that evaluation to the Grand Jury.

Response: We share the concerns of the Grand Jury regarding the cost of overtime in the Jail, particularly in these fiscally uncertain times. We are providing the following analysis:

Basis for Recommendation: *In fiscal year 08-09, a total of \$1,380,126.78 was spent in overtime in the Sheriff's Corrections Division. The total amount includes the cash-out of accrued compensatory time earned (CTE) by corrections staff. It does not, however, include the Court Services Unit, since the funding for the operation of the unit comes from the State Administrator of the Courts. The vast majority of this overtime was expended in the Custody Unit: 81% or \$1,119,794.85. The Transportation, Clerical and Training Units accounted for the remainder of these overtime costs.*

Analysis: *There are many drivers that affect the use of overtime in the Jail including minimum staffing level requirements, use of sick leave, training, vacation leave, use of CTE and long and short term staff vacancies.*

- *Since we were not fully staffed in FY 08-09, we accrued overtime on many occasions to meet minimum staffing needs when an employee called in sick.*
- *We had many short and long-term vacancies. These vacancies were due to military deployments, FMLA leave, worker's comp injuries, off-duty injuries and allocated but vacant and unfunded positions. These vacancies totaled 13,440 hours for the year or an average of 1,120 hours per month. Again, the vast majority of these hours required the use of overtime to fill the void to meet minimum staffing requirements.*

- *In FY 08-09, 2,808 hours of training was provided to staff with the vast majority of those hours occurring on overtime.*
- *Each correctional officer (CO) and deputy accrues from 1 to 1.2 hours per week of overtime/CTE since they report for duty 12 minutes before their shift actually starts for briefing purposes.*
- *We must allow correctional staff (deputy and CO) to use yearly accrued vacation hours. Since we were not fully staffed for the majority of the year, we accrued overtime in order to allow staff time off and still meet minimum staffing requirements.*
- *We are under a Federal Court Consent Decree in which we agreed to have those arrested and brought to our Jail booked and housed or released within four hours of arrival at the Jail. With only two full-time booking officers, we exceeded the agreed upon time frame on a daily basis. To correct this deficiency, we added a third booking officer, staffed 24 hours per day, seven days per week, using overtime.*

Efforts in FY 08-09: *During the latter part of FY 08-09, we were able to make some changes to reduce the use of overtime.*

- *We instituted new procedures for sergeants when determining what circumstances necessitate the use of overtime.*
- *We instituted new procedures for management to track overtime and to recognize the "overtime creep" that can occur.*
- *Prior to the mid-year budget review, we stopped filling the third booking officer position at the Jail.*
- *We re-engineered our intake and booking process to make the operation more efficient. While this has worked to some extent, the fact of the matter is that there are too many arrestees coming in and out of the Jail for the current staffing level to adequately address the issue. The number of bookings and releases has increased at least three-fold since 1985; yet there has been no increase in booking staff since that time.*

Further Efforts for FY 09-10: *We will continue to strive to reduce overtime costs in the Jail.*

- *We have started out fully staffed in the Custody Unit and our overtime usage in that Unit is already down from last year.*
- *We have requested the additional staff needed to permanently add a third booking officer to the minimum staffing in the Jail. This requires 5.2 staff to fill a position 24 hours per day, 365 days per year.*

The jail operation, by its very nature, can be very unpredictable. This is due to many circumstances including but not limited to arrest sweeps, community events, illness and injury to employees, inmates requiring guard duty at medical and mental health facilities, Orders of Production from the courts for prisoners housed elsewhere in the state, and warrant arrests in other jurisdictions, including out of state jurisdictions, which require us to travel to bring the offender to Placer County. Many of these circumstances require the use of overtime to adequately respond, usually on very short notice.

We will continue to seek ways to reduce the need for overtime in the jail operation and still meet the needs of the community and the requirements and mandates placed on us by the State.

Response to Recommendations of the
2008-2009 Placer County Grand Jury
August 24, 2009
Page 3 of 3

I wish to thank the members of the 2008-2009 Placer County Grand Jury for their dedication to the community and all of their work during the past year.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward N. Bonner". The signature is fluid and cursive, with a long horizontal line extending to the right.

Edward N. Bonner
Sheriff-Coroner-Marshal

cc: Placer County Board of Supervisors