



NEWPORT-MESA Unified School District

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Frederick Navarro, Ed.D., Superintendent

July 25, 2014

The Honorable Glenda Sanders
Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, California 92701

Re: Response from the Newport-Mesa Unified School District regarding the 2013-14 Orange County Grand Jury Report, "School Bonds – The Untold Story of Assessed Values"

To the Honorable Glenda Sanders:

In accordance with California Penal Code section 933.05, the Orange County Grand Jury has requested that the Newport-Mesa Unified School District respond to Recommendation 1 in the 2013-14 Orange County Grand Jury Report, "School Bonds – The Untold Story of Assessed Values."

Recommendation 1: All school districts in Orange County should include a clear explanation of the assumed future growth rate of assessed values in the bond election materials made available to voters for future bond issues. This explanation should reference the *relevant* historical assessed value data for the individual district. For instance, if the district is fundamentally built out, the historical assessed value data should not include years with significant development because that is not indicative of the district's current and future situation.

Response to Recommendation 1: The Newport-Mesa Unified School District agrees that the assumptions utilized in creating a bond program, including the assumed growth rate of assessed values, should be transparent and made available to the voters. While agreeing that the rate assumptions should be transparent and disclosed, the Newport-Mesa Unified School District however disagrees with the suggested constrictions on how the future growth rate should be determined as suggested in the Report since the definition of *relevant* is open to interpretation. As a practical matter, the question is moot for Newport-Mesa. In its last bond election in 2005, the Board of Education of the Newport-Mesa Unified School District pledged not to issue any series of bonds in the 2005 authorization unless the proposed tax rate for all

district bonds outstanding at the time, with the inclusion of the new issue, was equal to or less than the tax rate in 2005. That 2005 tax rate was less than \$20 per \$100,000 of assessed valuation, significantly under the \$60 per \$100,000 of assessed valuation allowed to unified school districts by law. The Board of Education has honored that pledge. The Newport-Mesa Unified School District will continue to honor the 2005 pledge and will continue to comply with all applicable laws relative to bond elections and bond issuance.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul H. Reed".

Paul H. Reed
Deputy Superintendent
and Chief Business Official

cc: Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, California 92701

Board of Education
Newport-Mesa Unified School District

Dr. Frederick Navarro
Superintendent, Newport-Mesa Unified School District