

SHARE:

[Join Our Email List](#)



April 30 , 2013

ISSUE 44



Greetings!

**In This Issue**

**Friday May 10, 2013 - Sacramento**  
**Second Annual CaLBOC Statewide Conference**  
**Communication and Responsible Expenditures:**  
**The Keys to Maintaining Public Trust in School Bond Programs**  
**Keynote Speaker: Bill Lockyer, State Treasurer**  
**Assemblywoman Joan Buchanan**  
**Co-author of AB 182 - Limits Bond Debt Ratio**  
**[2013 Conference Event Page](#) - Reserve Your Seat with Lunch Now!**  
**[Register Now!](#)**

[May 10th - CaLBOC Statewide Conference](#)  
[Texas Joins Lockyer on Bonds](#)  
[State Assembly Passes Bill](#)

**REGISTER NOW!**

May 10, 2013  
 2nd Annual  
 CaLBOC Conference  
 Pagoda Building  
 429 J Street  
 Sacramento, CA 95814  
 - \$50 per person -

**Tentative Schedule:**

**9:00 to 10:00 am**  
*Doors Open, Refreshments*

**10:00 to 10:15** - Introduction:  
*Michael Day, CaLBOC President*

**10:15 to 11:00**  
*Michael Bishop & Joe Dixon, Santa Ana Unified School District. Accountability in School Facilities Programs*

**11:00 to 11:15** - Break

**11:15 to 12:00**  
*Assemblymember Joan Buchanan: Co-author of AB 182*

**12:15 to 1:00pm** - Lunch with  
*Keynote Speaker: State Treasurer Bill Lockyer*

**1:00 to 1:15** - Break

**1:15 to 2:15** - Kevin Carlin:  
*Understanding Lease Leasebacks*

**2:15 to 3:15** - Joel Thurtell:  
*Breaking the CAB Story*

**3:15 to 3:45** - Michael Day,  
*Closing*

**2013 Conference**

CaLBOC Board  
 Meeting Schedule:  
 May 10, 2013  
 August 9, 2013  
 November 15, 2013  
*Sacramento Chamber of Commerce, 1 Capitol Mall. Conference call access*

**[Join Our Mailing List!](#)**

**Mission Statement**

To promote school district accountability by improving the training and resources available to California's Proposition 39 School Bond Oversight Committees and educating the state legislature, local school boards and the public about the oversight and reporting powers these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

**Archived Newsletters**

To view all with topics visit:  
**[calboc.org/reviews.html](http://calboc.org/reviews.html)**

*Most recent on top*

[ISSUE 43 - April 24 2013](#)

[ISSUE 42 - Feb 19 2013](#)

[ISSUE 41 - Feb. 4, 2013](#)

[ISSUE 40 - Jan. 22 2013](#)

[ISSUE 39 - Jan. 9, 2013](#)

[ISSUE 38 - Dec 31, 2012](#)

[ISSUE 37 - Dec 17, 2012](#)

[ISSUE 36 - Dec 11, 2012](#)

[ISSUE 35 - Dec. 4, 2012](#)

[ISSUE 34 -Nov 27, 2012](#)

**[www.CaLBOC.org](http://www.CaLBOC.org)**

California League of Bond Oversight Committees - calboc@mail.com

### Texas Joins Lockyer Targeting Bonds Fueling Schools: Muni Credit

April 14, 2013 | By David Mildenberg | [www.bloomberg.com](http://www.bloomberg.com)

**EXCERPT:** Texas lawmakers are joining the push to curb municipal bonds that push off debt payments for as long as 40 years on loans for public schools built to handle surging enrollment.

Schools such as those in Leander, a city adjacent to the Texas capital, say they need these capital appreciation bonds to help the second-most-populous state handle an annual inflow of 80,000 new students. ...

Yet State Representative Dan Flynn is leading Texas critics who want schools to choose financial tools that don't saddle future generations with repayment. In California, **Treasurer Bill Lockyer** and schools Superintendent Tom Torlakson are seeking a moratorium on such sales. California's assembly last week passed limits on the borrowing.

"Good gracious, these are scary things," said Flynn, a Republican from Van, 75 miles (121 kilometers) east of Dallas, and former deputy state bank commissioner. He sponsored a bill banning the bonds, similar to one the Texas Senate passed April 9. "We are mortgaging our grandchildren's future through these bonds."

**Payment Delay** - Texas schools and public agencies issued more than 700 deferred-interest bonds from 2007 to 2011, raising \$2.3 billion, according to the state comptroller's office. With no immediate payments required, the securities enable schools to avoid exceeding limits on debt-service payments....

...The district has \$773 million of capital-appreciation debt, said a spokeswoman, Veronica Sopher. Its 2012 annual report shows total debt of \$1.3 billion.

**Appetite Curb** - ... Criticism in California has centered on Poway Unified School District, north of San Diego, which borrowed \$105 million in 2011 while deferring almost \$1 billion in interest obligations by the time all the bonds mature in 2051.

**California Critique** - The California assembly unanimously approved a bill limiting the duration of capital-appreciation bonds to 25 years, prohibiting debt repayments of more than four times the principal and requiring the option of early repayment for deals maturing in more than 10 years. The measure now goes to the Senate. ... **To read the complete article, please visit:** [www.bloomberg.com/news/2013-04-15/texas-joins-lockyer-targeting-bonds-fueling-schools-muni-credit.html](http://www.bloomberg.com/news/2013-04-15/texas-joins-lockyer-targeting-bonds-fueling-schools-muni-credit.html)

### [Reserve Your Seat & Lunch Now! 2013 Conference](#)

### State Assembly passes bill aimed to curtail school district debt burden

April 9, 2013 | By Alison Fu | [www.dailyca.org](http://www.dailyca.org)

**EXCERPT:** The California State Assembly unanimously passed a bill Monday restricting the use of high-debt-accumulating bonds in school districts and community colleges.

Introduced by **Assemblymember Joan Buchanan**, D-Alamo, Assembly Bill 182 attempts to reduce the future debt burden by limiting the length of capital appreciation bonds to 25 years and restricting money owed to a maximum of four times the borrowed amount. The bill would also let districts refinance these bonds at a lower interest rate and require increased disclosure to the school districts' governing boards.

"They shove debt on the next generation of taxpayers who won't benefit directly from the facilities the bonds finance, which means (the next generation will) have less ability to finance what their kids need," said Tom Dresslar, spokesperson for [California State Treasurer Bill Lockyer](#), who has been a strong advocate for the bill.

Capital appreciation bonds have been used by public schools throughout the nation to fund large-scale projects like school construction. Unlike traditional bonds, however, for which the funds are repaid in gradual, short-term increments, capital appreciation bonds are paid back in one total amount at a set date, often decades after the bond is issued.

However, during the period between the bond's issue date and its maturity date, interest is continuously compounded, which often results in high levels of accumulated interest. In some cases, debt payments have accrued to even 10 times the original amount borrowed, according to Dresslar.

Several groups, such as the California Association of School Business Officials and the Association of California School Administrators, believe that capital appreciation bonds should be limited but that AB 182 should be revised.

... The state Senate will vote on AB 182 in the following months. If passed and signed by the governor, the bill will be implemented beginning Jan. 1 of next year. **To read the complete article, please visit:** [dailyca.org/2013/04/09/state-assembly-passes-bill-aimed-to-curtail-debt-burden/](http://dailyca.org/2013/04/09/state-assembly-passes-bill-aimed-to-curtail-debt-burden/)