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ISSUE 49



Greetings!

## AB-182 Approved - Big School Bond Bill Paves the Way for Change - With Caveats

Sept. 11, 2013 | By Will Carless | [voiceofsandiego.org](http://voiceofsandiego.org)

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The bill outlaws some of the wackier trends that made the Poway Unified School District a poster child for irresponsible bond financing. School districts will no longer be allowed to borrow money at a price of \$10 for \$1, and school boards will be forbidden from borrowing money today and pushing off payments too far into the future.

But the bill is a far cry from the comprehensive reform some fiscal hawks wanted. The California League of Bond Oversight Committees, a group that keeps an eye on municipal bond financing, plans to send the governor a letter pointing out several weaknesses in the law. ...

### THE CHANGES

- It forbids school districts from borrowing money over more than 25 years.
- It limits the payback ratio on school and community college bonds to 4-to-1.
- It requires school districts to actually tell the public what they're doing. (...how much taxpayers will pay in explicit detail aired during public meetings.)
- It forces districts to include escape clauses in their deals. (...re-financeable.)

### THE CAVEATS

- Districts can still make deals just like Poway's for the next six months.
- A 4-to-1 ratio is still a lot, and experts worry it will become the new norm. ... But bond experts like Michale Day, president and co-founder of the [California League of Bond Oversight Committees](#), caution that by enshrining a ratio into law, legislators could have created a new normal for bond deals that is much higher than it should be. School districts should be able to get 25-year loans at a 2-to-1 ratio, just like homeowners, Day said. But the legislation might have the inadvertent effect of encouraging districts to take the first loan they find at a 4-to-1 payback, without shopping around. ...

To read the complete article,

please visit: [www.voiceofsandiego.org/2013/09/11/big-school-bond-bill-paves-the-way-for-change-with-caveats](http://www.voiceofsandiego.org/2013/09/11/big-school-bond-bill-paves-the-way-for-change-with-caveats)

Details on AB-182: [leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201320140AB182](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB182)

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## In a First, SEC Charges Indiana School District and Municipal Bond Underwriter with Fraud

August 14, 2013 | By Michael Wiener | [www.hklaw.com](http://www.hklaw.com)

**EXCERPT:** The Securities and Exchange Commission (SEC) on July 29, 2013 charged a school district in Indiana and its municipal bond underwriter with falsely stating to bond investors that the school district had been properly providing annual financial information and notices required as part of its prior bond offerings in compliance with its previous continue disclosure agreements. According to the SEC, this marked the first time it had charged a municipal issuer, the underwriter and its principal with securities fraud for falsely claiming that it was compliant with annual disclosure obligations.

The underwriter agreed to pay nearly \$580,000 to settle the SEC's charges, and the employee of the underwriter and the issuer also agreed to settlements, which include a one-year collateral bar and a permanent supervisory bar for the employee of the underwriter. ...

[www.hklaw.com/publications/In-a-First-SEC-Charges-Indiana-School-District-and-Municipal-Bond-Underwriter-with-Fraud-08-13-2013/](http://www.hklaw.com/publications/In-a-First-SEC-Charges-Indiana-School-District-and-Municipal-Bond-Underwriter-with-Fraud-08-13-2013/)

### Securities and Exchange Commission Press Release:

#### SEC Charges School District and Muni Bond Underwriter in Indiana with Defrauding Investors

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Elaine C. Greenberg, Chief of the Enforcement Division's Municipal Securities and Public Pensions Unit, added, "City Securities abused its role as municipal underwriter by fraudulently obtaining reimbursement from bond proceeds for expenses unrelated to the issuance of bonds. Moreover, City Securities violated MSRB rules by providing representatives of municipal securities issuers with valuable and excessive gifts such as multi-day golf trips and tickets to various sporting events." ...

[www.sec.gov/News/PressRelease/Detail/PressRelease/1370539734122#.UkDK-rzdOx4](http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370539734122#.UkDK-rzdOx4)

## San Diego Unified suffers another legal setback

August 8, 2013 | By Dorian Hargrove | [www.sandiegoreader.com](http://www.sandiegoreader.com)

**EXCERPTED:** California Supreme Court judges turned down San Diego Unified's request to review a previous court decision finding the use of Proposition S funds to install stadium lighting at Hoover High School violated the terms of the bond measure. ...

The decision is the district's second courtroom defeat in just four months time.

This past March, the Ninth District Court of Appeals found that the \$800,000 to put up the lights should not have come from Prop S funds. ...

"The Supreme Court supported the Court of Appeals decision to uphold the integrity of voter approved bonds. They essentially admonished the School District for pulling the wool over the eyes of the voters and spending money on stadium lights instead of repairing classrooms as stated under the bond measure," stated the group's president and Talmadge resident Ron Anderson. ...

Read the complete article here: [www.sandiegoreader.com/weblogs/news-ticker/2013/aug/08/san-diego-unified-suffers-another-legal-setback-ov/](http://www.sandiegoreader.com/weblogs/news-ticker/2013/aug/08/san-diego-unified-suffers-another-legal-setback-ov/)

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In This Issue

[AB-182 Paves the Way for School Bond Change - With Caveats](#)

[SEC Charges Indiana School District and Municipal Bond Underwriter with Fraud](#)

[AB-182 Paves the Way for School Bond Change - With Caveats](#)

[San Diego Grand Jury Transcripts](#)

[Archived Newsletters](#)

### Next CalBOC Board Meeting:

November 15, 2013

*Sacramento Chamber of Commerce, 1 Capitol Mall. Conference call access*

### Join Our Mailing List!

#### San Diego Grand Jury

Sweetwater & Southwestern  
- South County transcripts -  
By Ricky Young

[www.utsandiego.com](http://www.utsandiego.com)

U-T Watchdog has been covering the release of grand jury transcripts in the South County corruption case brought by District Attorney Bonnie Dumanis involving more than 200 charges against 15 officials and contractors at two school districts and one community college.

[utsandiego.com/news/2013/jun/17/south-county-grand-jury-transcripts-compiled](http://utsandiego.com/news/2013/jun/17/south-county-grand-jury-transcripts-compiled)

#### INDEX:

[media.utsandiego.com/news/documents/2013/06/17/GJ\\_Index.pdf](http://media.utsandiego.com/news/documents/2013/06/17/GJ_Index.pdf)

#### 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.

Information from the  
May 10, 2013  
CalBOC Conference  
[www.calboc.org/may10.html](http://www.calboc.org/may10.html)

#### Archived Newsletters

To view all with topics visit:

[calboc.org/reviews.html](http://calboc.org/reviews.html)

*Most recent on top*

[ISSUE 48 - Sept. 5, 2013](#)

[ISSUE 47 - July 9, 2013](#)

[ISSUE 46 - May 31, 2013](#)

[ISSUE 45 - May 6, 2013](#)

[ISSUE 44 - April 30, 2013](#)

[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](#)