

School bond reform gaining support

Lawmaker sought to stop controversial bond financing

August 23, 2012 | By Ashly McGlone | www.utsandiego.com

EXCERPT: ... Sen. Mark Wyland, R-Solana Beach, introduced Senate Bill 1205 in February, legislation that would have essentially banned what are known as capital appreciation bonds, or CABs, for school and community college districts. ...

The bill would have limited the price break, also known as discount, given to investors who have agreed to buy the bonds, essentially doing away with the market for the financial instrument. The bill would have capped the discount at 5 percent, bringing the state government code in line with education code limits on school bond deals.

Recent calls for reform were spurred by national attention on a bond deal by Poway Unified School District officials last year which promised to repay investors \$981 million in exchange for \$105 million using 40-year CABs.

According to the bond sale data tracked by the Municipal Securities Rulemaking Board, some of the bonds in Poway's 2011 CAB were sold at a discount of nearly 94 percent. ...

... David Wolfe, legislative director for the Howard Jarvis Taxpayers Association and board member for the *California League of Bond Oversight Committees*, both sponsors of the now defunct CAB ban bill, said he welcomes the recent attention to the issue. "We ended up pulling the bill because we realized it needed to be a little more comprehensive than it was in terms of closing some of the loopholes that led to these CABs" ...

To read the complete article, visit:

<http://www.utsandiego.com/news/2012/aug/23/lawmaker-sought-to-stop-controversial-financing>

CaLBOC Co-Sponsored Legislation

Senate Bill No. 1473, Chapter 294, Sept. 23, 2010

An act to add Section 15286 to the Education Code, relating to school facilities. **Wyland. School facilities bond proceeds: performance audits.**

EXCERPT: ... The accountability requirements include a requirement that the governing board of either the school district or community college district or the county office of education conduct an annual, independent performance audit to ensure that the funds are expended only on the specific projects listed in the proposition authorizing the sale of the bonds.

This bill would require a financial and performance audit to be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States.

http://leginfo.ca.gov/pub/09-10/bill/sen/sb_1451-1500/sb_1473_bill_20100924_chaptered.pdf

Senate Bill No. 423, Chapter 237, Sept. 6, 2011

An act to amend Section 15286 of the Education Code, relating to school facilities. **EXCERPT:** Wyland. ... The accountability requirements include a requirement that the governing board of either the school district or community college district or the county office of education conduct annual, independent performance and financial audits. **This bill would require the audits for each preceding fiscal year to be submitted by March 31 of each year to the citizens' oversight committee for its review.**

<http://www.legisweb.com/app/pkgs/calm/Retrieve.asp?ref=urn%3Acalm%3A2011%3Asb0423%3Aadoc>

Assembly Bill No. 1199, Chapter 73, July 10, 2012

An act to amend Section 15282 of the Education Code, relating to school bonds. **EXCERPT:** ... Brownley. School bonds: citizens' oversight committee. ... Existing law also requires members of a citizens' oversight committee to serve for a term of 2 years without compensation and for no more than 2 consecutive terms. **This bill would instead provide that members of a citizens' oversight committee serve for a minimum term of 2 years without compensation and for no more than 3 consecutive terms. ...**

http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_1151-1200/ab_1199_bill_20120710_chaptered.html

Poway in the News, Capital Appreciation Bonds

Schools Pass Debt to Next Generation

August 16, 2012 | By Floyd Norris | www.nytimes.com

EXCERPT: ... the bond issue first gained attention on *The Voice of San Diego*, a Web-based publication, which published an article this month headlined "[Where Borrowing \\$105 Million Will Cost \\$1 Billion: Poway Schools](#)." ...

It turns out the Poway bond issue is not unique. This kind of borrowing has been going on for years, particularly in California, where the tax revolt that began with Proposition 13 in 1978 has made it harder and harder to finance education or other local government services. Assorted propositions approved by voters have made it very difficult to raise taxes at all.

According to a Thomson Reuters database, school districts issued nearly \$4 billion in such bonds last year, and have sold almost \$3 billion more this year. Back in 2006, when the credit boom was in full bloom, \$9 billion worth of so-called capital appreciation bonds were sold. ...

To read the complete article please visit:

<http://www.nytimes.com/2012/08/17/business/schools-pass-debt-to-the-next-generation.html>

Bill extends time to submit a complaint to within nine months of the alleged Brown Act Violation

Brown Act Enforcement Bill Clears Assembly and Senate, Heads to Governor

EXCERPT: ... The Brown Act enforcement bill, SB 1003, by Democratic Senator Leland Yee, passed the legislature (*Aug. 24, 2012*) and is on its way to Governor's desk. The Assembly voted to approve on a 62-12 vote and the Senate approved the measure on a 24-14 vote. ... The California Newspaper Publishers Association (CNPA), one of the bills sponsors, explained the origins of the law:

The legislation was introduced to overturn the appellate court's decision in *McKee v Tulare County Bd. of Supervisors* that ruled existing law does not provide a remedy for past violations by a local agency sailed through the Legislature this week and is headed for the Governor's desk.

<http://www.firstamendmentcoalition.org/2012/08/brown-act-enforcement-bill-on-its-way-to-governors-desk/>
http://www.cnpa.com/legislative_and_legal/bill_tracking/collection_09ca0ea0-ee3d-11e1-b770-0019bb30f31a.html

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The Next CaLBOC Board Meeting is November 9, 2012

10 am - 3 pm

Sacramento Chamber of Commerce

One Capital Mall
Sacramento, CA

Conference call service will be available.

This meeting is open to all

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Mission Statement
What is Our Mission

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.

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How to report mis-spent Bond funds

Support for CBOC Members: Questions and Answers

Article on Public Requests

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