

Update: The CalBOC Newsletter will now be coming out every other week instead of every week. [To UNSUBSCRIBE, click here](#)

State Moves to Block 'High-Cost' Capital Appreciation Bonds

January 17, 2013 | By Will Carless | www.voiceofsandiego.org

EXCERPT: State Treasurer Bill Lockyer and State Schools Superintendent Tom Torlakson asked California school districts and county education offices Thursday to impose a moratorium on issuing capital appreciation bonds. In a letter, they asked school officials to wait until lawmakers pass legislation tightening up the rules on school district borrowing.

Capital appreciation bonds, or CABs as they have become known, have become highly controversial since a Voice of San Diego story outlined a deal at the Poway Unified School District, where taxpayers will eventually pay almost \$1 billion to pay off a loan of \$126 million. ...

... Here's a snippet from the letter that went out to districts...
(*Lockner & Torlakson*):

In too many cases, CAB deals have forced taxpayers to pay more than 10 times the principal to retire the bonds. Also, the transactions have been structured with 40-year terms that delay interest and principal payments for decades, resulting in huge balloon payments and burdens on future taxpayers that cannot be justified. Too frequently, board members and the public have not been fully informed about the costs and risks associated with CABs. In some cases, board members have reported they were not even aware they approved the sale of CABs. ...

... Local state Assemblyman Ben Hueso has pledged to introduce legislation shortly on school bond borrowing.

- *To read the complete article please visit:* www.voiceofsandiego.org/education/article_8e565ae4-60e7-11e2-9173-0019bb2963f4.html
- *Lockyer and Torlakson's letter:* calboc.org/docs/PressReleaseCABs.pdf

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February 8th](#)

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CalBOC Board
Meeting Schedule:
February 8, 2013

10am - 3 pm

Sacramento Chamber of
Commerce, 1 Capitol
Mall

*Conference call access will
be available*

May 10, 2013

August 9, 2013

November 15, 2013

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.