

Regulation 7214: General Obligation Bonds

Status: DRAFT

Original Adopted Date: 03/05/2013 | Last Reviewed Date: 03/05/2013

Election Notice

Whenever the Governing Board orders an election on the question of whether general obligation bonds shall be issued to pay for school facilities, the Superintendent or designee shall ensure that election notice and ballot requirements comply with Education Code 15120-15126 and 15272, as applicable, and the section "Ballot Materials" below.

At least 88 days prior to the date of the election, the Superintendent or designee shall deliver to the officer conducting the election the resolution calling the election, including the date and purpose of the election, the authority for ordering the election and the specification of the election order, the signature of the officer or the clerk of the Board authorized to make such designations, and all other applicable ballot materials. (Education Code 5322)

Ballot Materials

The ballot question to appear on the ballot shall not exceed 75 words and shall appear in the form specified in Elections Code 13119. (Education Code 5322)

The Superintendent or designee shall ensure that the ballot materials comply with applicable laws including a brief statement of the measure setting forth the amount of the bonds to be voted upon, the maximum rate of interest, and the purposes for which the proceeds of the sale of the bonds are to be used. (Education Code 15122)

In addition to the 75 word ballot question, a separate statement shall be included with the sample ballot, which includes the best estimate from official sources of all of the following: (Elections Code 9401)

1. The average annual tax rate that would be required to be levied to fund the bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors

The estimate shall also identify the final fiscal year in which the tax is anticipated to be collected.

2. The highest tax rate that would be required to be levied to fund the bond issue, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors

3. The total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold

The estimate may include information about the assumptions used to determine the estimate.

For bond measures requiring 55 percent majority of the voters, the Superintendent or designee shall ensure that the text of the ballot measure includes a statement that the Board will appoint a citizens' oversight committee and that annual independent audits will be conducted to assure that funds are spent only on school and classroom improvements and for no other purposes. (Education Code 15272)

For bond funded projects that require state matching funds, the Superintendent or designee shall ensure the sample ballot contains a statement advising the voters that the project is subject to the approval of state matching funds and, therefore, passage of the bond measure is not a guarantee that the project will be completed. (Education Code 15122.5)

Arguments in support or in opposition of the bond measure shall be submitted in accordance with Elections Code 9160-9170.

Citizens' Oversight Committee

If a bond is approved under the 55 percent majority threshold pursuant to Proposition 39 to the California

Constitution, Article 13A, Section 1(b)(3) and Article 16, Section 18(b), then the district's citizens' oversight committee shall consist of at least seven members, including, but not limited to: (Education Code 15282)

1. **One member active in a business organization representing the business community located within the district**
2. **One member active in a senior citizens' organization**
3. **One member active in a bona fide taxpayers' organization**
4. **One member who is a parent/guardian of a district student**
5. **One member who is a parent/guardian of a district student and is active in a parent-teacher organization, such as the Parent Teacher Association or school site council**

Members of the citizens' oversight committee shall be subject to the conflict of interest prohibitions regarding incompatibility of office pursuant to Government Code 1125-1129 and financial interest in contracts pursuant to Government Code 1090-1099. (Education Code 15282)

No employee, Board member, vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee. (Education Code 15282)

Members of the citizens' oversight committee may serve for no more than three consecutive terms of two years each. They shall serve without compensation. (Education Code 15282)

The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The committee shall actively review and report on the proper expenditure of taxpayers' money for school construction and shall convene to provide oversight for, but not limited to, the following: (Education Code 15278)

1. **Ensuring that bond revenues are expended only for the purposes described in California Constitution, Article 13A, Section 1(b)(3), including the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities**
2. **Ensuring that, as prohibited by California Constitution, Article 13A, Section 1(b)(3)(A), no funds are used for any teacher and administrative salaries or other school operating expenses**

In furtherance of its purpose, the committee may engage in any of the following activities: (Education Code 15278)

1. **Receiving and reviewing copies of the annual, independent performance and financial audits required by California Constitution, Article 13A, Section 1(b)(3)(C) and (D)**
2. **Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of California Constitution, Article 13(A), Section 1(b)(3)**
3. **Receiving and reviewing copies of any deferred maintenance proposals or plans developed by the district**
4. **Reviewing efforts by the district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, the following:**
 - a. **Mechanisms designed to reduce the costs of professional fees**
 - b. **Mechanisms designed to reduce the costs of site preparation**
 - c. **Recommendations regarding the joint use of core facilities**
 - d. **Mechanisms designed to reduce costs by incorporating efficiencies in school site design**
 - e. **Recommendations regarding the use of cost-effective and efficient reusable facility plans**

The district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of the committee's purpose and sufficient resources to publicize the committee's conclusions. The district shall also provide the citizens' oversight committee with responses to any and all findings, recommendations, and concerns addressed in the annual independent financial and performance audits within three months of receiving the audits. (Education Code 15280)

All citizens' oversight committee proceedings shall be open to the public and noticed in the same manner as

proceedings of the Board. Committee meetings shall be subject to the provisions of the Ralph M. Brown Act. (Education Code 15280; Government Code 54952)

The citizens' oversight committee shall issue regular reports, at least once a year, on the results of its activities. Minutes of the proceedings and all documents received and reports issued shall be a matter of public record and shall be made available on the district's website. (Education Code 15280)

Reports

Within 30 days after the end of each fiscal year, the district shall submit to the County Superintendent of Schools a report concerning any bond election(s) containing the following information: (Education Code 15111)

1. The total amount of the bond issue, bonded indebtedness, or other indebtedness involved
2. The percentage of registered electors who voted at the election
3. The results of the election, with the percentage of votes cast for and against the proposition

By each January 31 following a bond issuance, the district shall submit an annual report to the California Debt Investment and Advisory Commission in accordance with Government Code 8855 and as specified in BP 3470 - Debt Issuance and Management.

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State References

Description

CA Constitution Article 13A, Section 1	Tax limitation
CA Constitution Article 16, Section 18	Debt limit
Ed. Code 15100-15254	Bonds for school districts and community college districts
Ed. Code 15264-15288	Strict Accountability in Local School Construction Bonds Act of 2000
Ed. Code 17577	Sewers and drains
Ed. Code 47614	Charter school facilities
Ed. Code 5322	Resolution calling election
Ed. Code 7054	Use of district property; campaign purposes
Elec. Code 1090-1099	Prohibitions applicable to specified officers
Elec. Code 1125-1129	Incompatible activities
Elec. Code 13119	Forms of Ballots; ballot order
Elec. Code 15372	Elections official certificate
Elec. Code 324	General election
Elec. Code 328	Local election
Elec. Code 341	Primary election
Elec. Code 348	Regular election
Elec. Code 356	Special election
Elec. Code 357	Statewide election
Elec. Code 53506-53509.5	General obligation bonds
Elec. Code 53580-53595.5	Bonds
Elec. Code 54952	Definition of legislative body; Brown Act
Elec. Code 9160-9170	Ballot label; support and opposition listings
Elec. Code 9400-9405	Bond issues
Gov. Code 6500-6539.9	Joint powers agreements

State References

Gov. Code 8855

Description

[California Debt and Investment Advisory Commission](#)

Federal References

17 CFR 240.10b-5

Description

Prohibition against fraud or deceit

17 CFR 240.15c2-12

Municipal securities disclosure

Management Resources References

Attorney General Opinion

Description

87 Ops.Cal.Atty.Gen. 157 (2004)

Attorney General Opinion

88 Ops.Cal.Atty.Gen. 46 (2005)

Attorney General Opinion

99 Ops.Cal.Atty.Gen. 18 (2016)

Court Decision

Taxpayers for Accountable School Bond Spending v. San Diego Unified School District (2013) 215 Cal.App.4th 1013

Court Decision

San Lorenzo Valley Community Advocates for Responsible Education v. San Lorenzo Valley Unified School District (2006) 139 Cal.App.4th 1356

CSBA Publication

[California's Challenge: Adequately Funding Education in the 21st Century, December 2015](#)

CSBA Publication

[Legal Guidelines: Use of Public Resources for Ballot Measures and Candidates, Fact Sheet, February 2011](#)

CSBA Publication

[Bond Sales - Questions and Considerations for Districts, Governance Brief, December 2012](#)

Debt & Investment Advisory Commission Publication

[California Debt Financing Guide, rev. March 2022](#)

Gov. Finance Officers Association Publication

[Types of Legal Counsel, Best Practice, September 2018](#)

Gov. Finance Officers Association Publication

[Selecting and Managing the Method of Sale of Bonds, Best Practice, March 2021](#)

Gov. Finance Officers Association Publication

[Debt Management Policy, Best Practice, March 2020](#)

Gov. Finance Officers Association Publication

[Investment and Management of Bond Proceeds, Best Practice, March 2022](#)

Gov. Finance Officers Association Publication

[Selecting and Managing Municipal Advisors, Best Practice, February 2014](#)

Gov. Finance Officers Association Publication

[Understanding Your Continuing Disclosure Responsibilities, Best Practice, March 2020](#)

Gov. Finance Officers Association Publication

[Refunding Municipal Bonds, Best Practice, March 2019](#)

Gov. Finance Officers Association Publication

[An Elected Official's Guide to Debt Issuance, 3rd Ed., 2008](#)

Website

[CSBA District and County Office of Education Legal Services](#)

Website

[Government Finance Officers Association](#)

Website

[Municipal Security Rulemaking Board, Electronic Municipal Market Access \(EMMA\)](#)

Website

[California Debt and Investment Advisory Commission](#)

Website

[Department of General Services, Office of Public School Construction](#)

Website

[California Department of Education](#)

Website

[CSBA](#)

Cross References

0420

Description

[School Plans/Site Councils](#)

0420

[School Plans/Site Councils](#)

0440

[District Technology Plan](#)

Cross References**Description**

0440	District Technology Plan
0450	Comprehensive Safety Plan
0450	Comprehensive Safety Plan
1113	District And School Websites
1113	District And School Websites
1113-E(1)	District And School Websites
1160	Political Processes
1220	Citizen Advisory Committees
1220	Citizen Advisory Committees
1230	School-Connected Organizations
1230	School-Connected Organizations
1330.1	Joint Use Agreements
1340	Access To District Records
1340	Access To District Records
3460	Financial Reports And Accountability
3460	Financial Reports And Accountability
3470	Debt Issuance And Management
3580	District Records
3580	District Records
6151	Class Size
7110	Facilities Master Plan
7210	Facilities Financing
7213	School Facilities Improvement Districts
9270	Conflict Of Interest
9270-E(1)	Conflict Of Interest
9320	Meetings And Notices
9323.2	Actions By The Board
9323.2-E(1)	Actions By The Board
9324	Minutes And Recordings