San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

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To: Chief Business Officials (K-12, ROPs)
San Bernardino County School Districts

Subject: Requirements for Disclosure of Non Voter Approved Debt

Districts are reminded of the requirements for Disclosure of Non Voter Approved Debt to include Certificates of Participation (COPS), Capital Leases and other land secured financing. Education Code section 17150.1 requires that, "No later than 30 days before the approval by the governing board of the school district to proceed with the issuance of certificates of participation and other debt instruments that are secured by real property and do not require approval of the voters of the school district, the school district shall notify the county superintendent of schools and the county auditor." It further requires that, "The superintendent of the school district shall provide information necessary to assess the anticipated effect of the debt issuance, including the repayment schedules for that debt obligation, evidence of the ability of the school district to repay that obligation, and the issuance costs, to the county auditor, the county superintendent, the governing board and the public." The code goes on to say, "Within 15 days of the receipt of the information, the county superintendent of schools and the county auditor may comment publicly to the governing board of the school district regarding the capability of the school district to repay that debt obligation.

Additional requirements apply to energy service contracts and any necessary related facility ground leases. Government Code section 4217.12 requires, "That the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases."

Pursuant to Education Code section 42133, a school district with a qualified or negative certification in any fiscal year may not issue any non-voter approved debt in that fiscal year or the next succeeding fiscal year unless the county superintendent of schools determines that the district's repayment of that indebtedness is probable.

Attached is a "Disclosure of Non-Voter Approved Debt" form for school districts to disclose this information to our office. This form is also posted on our website at: http://www.sbcss.k12.ca.us/index.php/business-services/business-advisory-services/forms-financial-information.

Please complete and submit this form at least 30 days prior to submission to your governing board for approval to proceed with the issuance of all non-voter approved debt. Be advised, that the 30 day time line begins only when all pertinent documents and information is received by the County Superintendent of Schools. We recommend that you allow yourself additional time if you desire the opportunity to pursue any recommendations made by our office in advance of board submittal.

The Government Finance Officers Association (GFOA) provides useful information on Debt Management inclusive of what they consider to be Best Practices at http://www.sbcss.k12.ca.us/index.php/business-services/business-advisory-services/forms-financial-information.

If you have any questions please contact Annette Baker at (909) 388-5741.

Sincerely,

Ted Alejandre
County Superintendent of Schools

Cynna Hinkle, Director
Business Advisory Services

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J:\bulletin\2015-16\16-024 Disclosure of Non-Voter Approved Debt

San Bernardino County Superintendent of Schools

Attachment A

# DISCLOSURE OF NON-VOTER APPROVED DEBT

In accordance with the provisions of Education Code Section 17150 and Assembly Bill 2197, the following information must be provided to the County Superintendent of Schools and the County Auditor **at least 30 days prior** to the district's governing board approval of an issuance of non-voter approved debt. This includes all new and refunded issuances.

School District: _____ Date: _____

Contact Person: _____ Phone: _____

Type of Issue: _____
*(Indicate the type of debt instrument, i.e. Certificates of Participation (COP), Direct Capital Lease, etc)*

Tentative Date of Board Approval: _____
*(The date the board will approve proceeding with the debt issuance)*

Anticipated Date of Issue: _____
*(The date the debt instrument is expected to be purchased by the investor(s).)*

Amount of Issue: $_____ Term of Issue: _____ years
*(The total dollar amount the district is borrowing, including any amounts to refund existing debt issuances.)*

Interest Rate(s) %: _____ (Fixed □, Variable □, Other □)
*(The projected rates of interest payable on the debt instrument for the term of the issue. If variable, indicate what drives variability, expected rate ranges, and rate cap(s).)*

Purpose of Issue:

_____

_____

_____
*(Describe the projects to be financed, i.e. building a multi-purpose room, district match to state school building project, refunding existing debt issuance for lower interest rate. Provide the estimated cost for each project.)*

Tentatively Pledged Source(s) of Funds for Debt Repayment:

_____

_____
*(Indicate the anticipated sources of funds that district is expecting to receive to repay this debt obligation. I.e. State school building project apportionments, developer fees, redevelopment revenues, LCFF. If applicable, provide an analysis of projections for developer fees and/or calculations of anticipated student attendance growth for LCFF pledges based on historical trends adjusted for current conditions.)*

Contingency Plan:

_____

_____
*(Indicate the district's contingency plan should the pledged sources of repayment not materialize as projected.)*

San Bernardino County Superintendent of Schools

Attachment A

# DISCLOSURE OF NON-VOTER APPROVED DEBT

_____School District

Financial Advisor:_____

Contact:_____ Phone:_____
*(Indicated the company and the individual contact person handling your debt financing)*

Bond Counsel:_____

Contact:_____ Phone:_____
*(Indicate the company and the individual contact person handling your debt financing)*

Underwriter:_____

Contact:_____ Phone:_____
*(Indicated the company and the individual contact person handling your debt financing)*

Attach copies of the following:

- **Preliminary Official Statement**

  Provide completed copy of the Preliminary Official Statement for this debt issuance, and the following detailed information:

  1. The amount and date or proposed date of actual issuance
  2. Debt Issuance Costs (Detail of anticipated costs by vendor and service provided)
  3. Listing that indicates the parties involved in the financing
  4. Maturity Schedule
  5. Repayment Schedule (Dates of each principal and interest payment throughout the debt term). If refinance, include current repayment schedule and compare for savings expected.
  6. Purpose of Funds
  7. Pledged Sources of funds for repayment (Generally includes General Fund as backup in event other fund resources are not available)

- **Multi-year Financial projections and assumptions for each fund tentatively pledged for debt repayment**

  Provide updated multi-year financial projections for each fund indicated as a pledged source of repayment of the debt issuance. The SACS MYP Form provided in CDE's Budget and Interim reporting software should be completed with the district's projections. Attach a listing of assumptions, including calculations of how these assumptions were determined. For student attendance growth this could include an analysis of students in each grade level, new housing information and the impact on the district. For developer fees this could include an analysis of new housing permits or sales in the area. For BANs, this would include a summary of historical assessed values, future estimates, current bonding capacity and expected analysis of future bonding capacity.

San Bernardino County Superintendent of Schools

Attachment A

# DISCLOSURE OF NON-VOTER APPROVED DEBT

## Questions to ask and answer before debt issuance

Respond to the following six questions and ensure back-up for each answer is included in your submission.

1. Why is the district borrowing?
2. What will the annual costs be, including costs of issuance, debt service repayment and administrative costs.
3. What are the planned repayments sources?
4. What is the risk the obligation will vary year to year over the life of the issuance?
5. What is the likelihood the planned sources for repayment will be sufficient?
6. What is the cost of issuance and is it reasonable?

**The information provided in this document and the required attachments summarize the financial implications of the proposed debt issuance.**

Certified by:_____Phone:_____

*(Original signature of District's Chief Business Official)*

Submit this Disclosure of Non-Voter Approved Debt to Business Advisory Services (BAS) and the San Bernardino County Auditor-Controller at least 30 days prior to the district's governing board approval of an issuance of non-voter approved debt:

Business Advisory Services (BAS)
Attn: Business Services Advisor
760 E. Brier Drive
San Bernardino, CA 92408

San Bernardino County Auditor-Controller
222 West Hospitality Lane
San Bernardino, CA 92415-0018

**If you desire an opportunity to act on any recommendations made by BAS or the County Auditor-Controller, consider submitting disclosures well in advance of anticipated Board submission.**