— MERCED COUNTY —
Office of Education
Steve M. Tietjen, Ed.D. | County Superintendent of Schools
632 WEST 13TH STREET | MERCED, CA 95341 | (209) 381-6600 | WWW.MCOE.ORG

April 29, 2022

TO: Chief Business Officials

FROM: Sonia Ramos, Director of Financial Services, External

SUBJECT: Requirements for Disclosure of Non-Voter Approved Debt

Education Code Section 17150, et al requires school districts to notify the county superintendent of schools and the county auditor 30 days prior to the approval by the governing board to proceed with the issuance of non-voter approved debt for financing school construction. The legislation further requires the superintendent of the school district to provide the repayment schedules for the debt obligation and evidence of the ability of the school district to repay that obligation. Within 15 days of the receipt of this 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.

Please note that AB2197 (Chapter 128, Statutes of 2008) changes the reporting requirements for issuing non-voter approval debt. Effective January 1, 2009, school districts must notify the county superintendent of schools and the county auditor no less than 30 days prior to approving the issuance of COP's, Bank Anticipation Notes (BANs) and other non-voter approved debt secured by real property.

This office has developed a form for school districts to disclose this information. A copy of the form is attached. Please complete and submit this form at least 30 days prior to approval by your governing board to proceed with the issuance of non-voter approved debt.

Please feel free to contact us if you have any questions at (209) 381-6726.

Attachment

Use District Letterhead

DISCLOSURE OF NON-VOTER APPROVED DEBT

In accordance with 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 _____

Contract _____ Phone _____

Type of Issue _____

Indicate the type of debt instrument. (Example: Certificates of Participation (COP), Bank Anticipation Notes (BANs), Direct Capital Lease, Land Bank.)

Tentative Date of Board Approval _____

The date the board will approve proceeding with the debt issuance.

Amount of Issue $ _____

The total dollar amount the district is borrowing, including any amounts to refund existing debt issuances.

Term of Issue _____ years

☐Fixed ☐Variable ☐Other

Anticipated Date of Issue _____

The date the debt instrument is expected to be purchased by the investor(s).

Interest Rate % _____

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.

Purpose of Issue _____

_____

_____

Describe the projects to be financed by this debt issuance. (Example: 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 Sources(s) of Funds for Debt Repayment _____

_____

Indicate the anticipated sources of funds the district is expecting to receive to repay this debt obligation. (Example: state school building project apportionments, developer fees, general obligation bond issuance, local control funding formula.) If applicable, provide an analysis of projection for developer fees and/or calculations of anticipated student attendance growth for local control funding formula pledges based on historical trends and adjusted for current conditions.

Contingency Plan _____

_____

Indicate the district's contingency plan should the pledged sources of repayment do not materialize as projected.

Board Counsel _____

Contact _____ Phone _____

Indicate the company and individual contact person handling your debt financing.

Financial Advisor _____

Contact _____ Phone _____

Indicate the company and individual contact person handling your debt financing.

Underwriter _____

Contact _____ Phone _____

Indicate the company and individual contact person handling your debt financing.

Attach copies of:

Preliminary Statement

Provide selected pages of the Preliminary Statement for this debt issuance, including: (1) the front cover sheet with the amount and date of actual issuance, (2) listing that indicates the parties involved in the financing, (3) maturity schedule, (4) repayment schedule, (5) purpose of issue, (6) pledged sources of funds for debt repayment.

Estimated debt issuance costs

Include a detailed breakdown of the anticipated costs to be incurred with this financing. Include the vendors, services to be provided and estimated costs.

Debt repayment schedule

Provide a copy of the semi-annual debt repayment schedule indicating specific principals and interest payments and dates of required payments throughout the term of issuance.

Multi-year financial projections and assumptions for each fund tentatively pledged for debt repayment.

Provide a copy of updated multi-year financial projections for each fund indicated as a pledged source of repayment of the debt issuance. 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.

Certified by: _____ Phone: _____