GENERAL OBLIGATION BONDS BP 7214

The Governing Board recognizes that school facilities are an essential component of the educational program and that the Board has a responsibility to ensure that the district's facilities needs are met in the most cost-effective manner possible. The Board may direct the Superintendent to explore the possibility of a bond measure, which may include, but is not limited to, conducting community focus groups, surveys, and Board presentations. When the Board determines that it is in the best interest of district students, it may order an election on the question of whether bonds shall be issued to pay for school facilities.

The Board's decision to order a bond election, as well as its determination regarding the appropriate amount, timing, and structure of the bond issuance, shall be consistent with law and the district's debt management policy.

Before ordering a bond election, the Board shall obtain reasonable and informed projections of assessed valuations that take into consideration projections of assessed property valuations made by the county assessor. (Education Code 15100)

When any project to be funded by bonds will require state matching funds for any phase of the project, the ballot materials for the bond measure shall include a statement as specified in Education Code 15122.5, advising voters that, because the project is subject to approval of state matching funds, passage of the bond measure is not a guarantee that the project will be completed. (Education Code 15122.5)

Bonds Requiring 55 Percent Approval by Local Voters

The Board, by a two-thirds vote and subject to Education Code 15100, may adopt a resolution to incur bonded indebtedness and order an election. Pursuant to the California Constitution, Article 13A, Section 1(b)(3) and Article 16, Section 18(b), a bond election authorized pursuant to Education Code 15266 requires the approval of at least a 55 percent majority of the voters voting in the election. (Education Code 15266)

The bond election may only be ordered at a primary or general election, a statewide special election, or a regularly scheduled local election at which all of the electors of the district are entitled to vote. (Education Code 15266)

Bonded indebtedness incurred by the district pursuant to Education Code

15266 shall be used only for the following purposes: (California Constitution Article 13A, Section 1(b)(3) and 1(b)(3)(A))

1. The construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities

2. The acquisition or lease of real property for school facilities

3. The refunding of any outstanding debt issuance used for the purposes specified in Items #1-2 above

The proposition approved by the voters shall include the following accountability requirements:

1. Certification that proceeds from the sale of the bonds will be used only for the purposes specified in Items #1-2 above, and not for any other purposes including teacher and administrative salaries and other school operating expenses (California Constitution Article 13A, Section 1(b)(3))

2. A list of specific school facilities projects to be funded and certification that the Board has evaluated safety, class size reduction, and information technology needs in developing that list (California Constitution Article 13A, Section 1(b)(3))

3. A requirement that the Board conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed (California Constitution Article 13A, Section 1(b)(3))

4. A requirement that the Board conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects (California Constitution Article 13A, Section 1(b)(3))

5. A requirement that the Board shall appoint an independent citizens' oversight committee to inform the public concerning the expenditure of bond revenues as specified in Education Code 15278 and the accompanying administrative regulation (Education Code 15278)

This committee shall be appointed within 60 days of the date that the Board enters the election results in its minutes pursuant to Education Code 15274. (Education Code 15278)

The Superintendent or designee shall ensure that the annual, independent performance and financial audits required pursuant to Items #3-4 above are issued in accordance with the U.S. Comptroller General's Government Auditing Standards and submitted to the citizens' oversight committee at the same time they are submitted to the Superintendent or designee and no later than March 31 of each year. (Education Code 15286)

The Board shall provide the citizens' oversight committee with responses to all findings, recommendations, and concerns addressed in the performance and financial audits within three months of receiving the audits. (Education Code 15280)

The Board may disband the citizens' oversight committee when the committee has completed its review of the final performance and financial audits.

Bonds Requiring Two-thirds Approval by Local Voters

The Board may decide to pursue the authorization and issuance of bonds by approval of a two-thirds majority of the voters pursuant to Education Code 15100 and California Constitution, Article 13A, Section 1(b)(2). If a majority of the Board agrees to such an election, or upon a petition of the majority of the qualified electors residing in the district, the Board shall adopt a resolution ordering an election on the question of whether to incur bonded indebtedness if approved by two-thirds majority of voters. (Education Code 15100)

The bond election may be ordered to occur on any Tuesday, except a Tuesday that is a state holiday or the day before or after a state holiday, is within 45 days before or after a statewide election unless conducted at the same time as the statewide election, or is an established election date pursuant to Elections Code 1000 or 1500. (Education Code 15101)

Subject to limits specified in Article 13A, Section 1 of the California Constitution, bonds shall be sold to raise money for any of the following purposes: (Education Code 15100)

1. Purchasing school lots

2. Building or purchasing school buildings

3. Making alterations or additions to school building(s) other than as may be necessary for current maintenance, operation, or repairs

4. Repairing, restoring, or rebuilding any school building damaged, injured, or destroyed by fire or other public calamity

5. Supplying school buildings and grounds with furniture, equipment, or necessary apparatus of a permanent nature

6. Permanently improving school grounds

7. Refunding any outstanding valid indebtedness of the district, evidenced by bonds or state school building aid loans

8. Carrying out sewer or drain projects or purposes authorized in Education Code 17577

9. Purchasing school buses with a useful life of at least 20 years

10. Demolishing or razing any school building with the intent to replace it with another school building, whether in the same location or in any other location

Except for refunding any outstanding indebtedness, any of the purposes listed above may be united and voted upon as a single proposition by an order of the Board entered into the minutes. (Education Code 15100)

The Board may appoint a citizens' oversight committee to review and report to the Board and the public as to whether the expenditure of bond revenues complies with the intended purposes of the bond.

Certificate of Results

If the certificate of election results received by the Board from the applicable county elections officials shows that the appropriate majority of the voters is in favor of issuing the bonds, the Board shall declare that the bond measure has

passed and record that fact in its minutes. The Board shall then certify to the County Board of Supervisors all proceedings it had in connection with the election results. (Education Code 15124, 15274; Elections Code 15372, 15400)

Resolutions Regarding Sale of Bonds

Following passage of the bond measure by the appropriate majority of voters, the Board shall pass one or more resolutions directing the issuance and sale of bonds as necessary. In accordance with law, each resolution shall prescribe the total amount of bonds to be sold and may also prescribe the maximum acceptable interest rate, not to exceed eight percent, and the time(s) when the whole or any part of the principal of the bonds shall be payable. (Education Code 15140; Government Code 53508.6)

In passing each resolution, the Board shall consider each available funding instrument, including, but not limited to, the costs associated with each and their relative suitability for the project to be financed.

Prior to the sale of bonds, the Board shall place an agenda item at a public meeting and adopt as part of the bond issuance resolution, or in a separate resolution, disclosures of the available funding instruments, the costs and sustainability of each, and all of the following information: (Education Code 15146)

1. Express approval of the method of sale, such as competitive or negotiated sales

2. Statement of the reasons for the method of sale selected

3. Disclosure of the identity of the bond counsel, and the identities of the bond underwriter and the financial adviser if either or both are utilized for the sale, unless these individuals have not been selected at the time the resolution is adopted, in which case the Board shall disclose their identities at the public meeting occurring after they have been selected

4. Estimates of the costs associated with the bond issuance, including, but not limited to, bond counsel and financial advisor fees, printing costs, rating agency fees, underwriting fees, and other miscellaneous costs and expenses of issuing the bonds

When the sale involves bonds that allow for the compounding of interest, such as a capital appreciation bond (CAB), the resolution to be adopted by the Board shall include Items #1-4 above as well as the financing term and time of maturity, repayment ratio, and the estimated change in the assessed value of taxable property within the district over the term of the bonds. The resolution shall be publicly noticed on at least two consecutive meeting agendas, first as an information item and second as an action item. The agendas shall identify that bonds that allow for the compounding of interest are proposed. (Education Code 15146)

Prior to adopting a resolution for the sale of bonds that allow for the compounding of interest, the Board shall be presented with the following: (Education Code 15146)

1. An analysis containing the total overall cost of the bonds that allow for the compounding of interest

2. A comparison to the overall cost of current interest bonds

3. The reason bonds that allow for the compounding of interest are being recommended

4. A copy of the disclosure made by the underwriter in compliance with Rule G-17 adopted by the federal

Municipal Securities Rulemaking Board

At least 30 days prior to the sale of any debt issue, the Superintendent or designee shall submit a report of the proposed issuance to the California Debt and Investment Advisory Commission (CDIAC). (Government Code 8855)

After the sale, the Board shall be presented with the actual issuance cost information and shall disclose that information at the Board's next scheduled meeting. The Board shall ensure that an itemized summary of the costs of the bond sale and all necessary information and reports regarding the sale are submitted to the CDAIC. (Education Code 15146; Government Code 53509.5)

Bond Anticipation Notes

Whenever the Board determines that it is in the best interest of the district, it

may, by resolution, issue a bond anticipation note, on a negotiated or competitive-bid basis, to raise funds that shall be used only for a purpose authorized by a bond that has been approved by the voters of the district in accordance with law. (Education Code 15150)

Payment of principal and interest on any bond anticipation note shall be made at note maturity, not to exceed five years, from the proceeds derived from the sale of the bond in anticipation of which that note was originally issued or from any other source lawfully available for that purpose, including state grants. Interest payments may also be made from such sources. However, interest payments may be made periodically and prior to note maturity from an increased property tax if the following conditions are met: (Education Code 15150)

1. A resolution of the Board authorizes the property tax for that purpose

2. The principal amount of the bond anticipation note does not exceed the remaining principal amount of the authorized but unissued bonds

A bond anticipation note may be issued only if the tax rate levied to pay interest on the note would not cause the district to exceed the tax rate limitation set forth in Education Code 15268 or 15270, as applicable.

Deposit of Bond Proceeds

With regard to general obligation bonds, the district shall invest new money bond proceeds in the county treasury pool as required by law. (Education Code 15146)

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 Governing Board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State	***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 13119	*Forms of Ballots; ballot order*
Elec. Code 15307	*Timeline to count ballots and release ballot count*
Elec. Code 15372	*Elections official certificate*
Elec. Code 15400	*Announcement of election results*
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 9160-9170	*Ballot label; support and opposition listings*
Elec. Code 9400-9405	*Bond issues*
Gov. Code 1090-1099	*Prohibitions applicable to specified officers*
Gov. Code 1125-1129	*Incompatible activities*
Gov. Code 53506-53509.5	*General obligation bonds*
Gov. Code 53580-53595.55	*Bonds*
Gov. Code 54952	*Definition of legislative body; Brown Act*
Gov. Code 6500-6539.9	*Joint powers agreements*
Gov. Code 8855	*California Debt and Investment Advisory Commission*
Federal	***Description***
17 CFR 240.10b-5	*Prohibition against fraud or deceit*
17 CFR 240.15c2-12	*Municipal securities disclosure*
Management Resources	***Description***
Attorney General Opinion	*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	*Foothill-De Anza Community College Dist. v. Emerich (2007) 158 Cal.App.4th 11*
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

Policy	***Description***
0420	*School Plans/Site Councils*
0420	*School Plans/Site Councils*
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*
3471	*Parcel Taxes*
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*

Policy **PASADENA UNIFIED SCHOOL DISTRICT**
Adopted: April 24, 2014 Pasadena, California
Revised: 09/28/2023; 10/24/2024; 10/22/2026;