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# SBE Agenda for March 2017

Agenda for the California State Board of Education (SBE) meeting on March 8-9, 2017.

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## State Board Members

- Michael W. Kirst, President
- Ilene W. Straus, Vice President
- Sue Burr
- Bruce Holaday
- Feliza I. Ortiz-Licon
- Patricia A. Rucker
- Niki Sandoval
- Ting L. Sun
- Trish Williams
- Olivia Sison, Student Member
- *Vacancy*

## Secretary & Executive Officer

- Hon. Tom Torlakson

## Executive Director

- Karen Stapf Walters

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School Construction Bonds (Bond Indebtedness Limit)

Item W-06 (DOC)

**Subject:** Request by six districts to waive one or both the California *Education Code* sections 15102 and 15268 and request by the Soledad Unified School District to waive sections 15106 and 15270(a), to allow the districts to exceed their bonded indebtedness limits. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property for high school and elementary school districts or 2.5 percent for unified districts. Depending on the type of bond, a tax rate levy limit to \$30 per \$100,000 or assessed value for high school and elementary school districts or \$60 per \$100,000 for unified districts, may also apply.

**Waiver Numbers:**

- Alisal Union School District 4-1-2017

- Lennox School District 6-1-2017
- Meadows Union Elementary School District 7-1-2017
- Oxnard School District 8-1-2017
- Seeley Union Elementary School District 2-1-2017
- Soledad Unified School District 10-11-2016

(Recommended for APPROVAL WITH CONDITIONS)

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School Construction Bonds (Bond Indebtedness Limit)

Item W-12 (DOC)

**Subject:** Request by **Centinela Valley Union High School District** to waive the California *Education Code* sections 15102 and 15268 to allow the district to exceed its bonded indebtedness limits. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property. A tax rate levy limit to \$30 per \$100,000 of assessed value also applies.

**Waiver Number:** 44-12-2016

(Recommended for APPROVAL WITH CONDITIONS)

**END OF WAIVERS**

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## CALIFORNIA STATE BOARD OF EDUCATION

### MARCH 2017 AGENDA

#### General Waiver

|   |  |
|---|--|
| <p><b>SUBJECT</b></p> <p>Request by six districts to waive one or both the California <i>Education Code</i> sections 15102 and 15268 and request by the Soledad Unified School District to waive sections 15106 and 15270(a), to allow the districts to exceed their bonded indebtedness limits. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property for high school and elementary school districts or 2.5 percent for unified districts. Depending on the type of bond, a tax rate levy limit to \$30 per \$100,000 or assessed value for high school and elementary school districts or \$60 per \$100,000 for unified districts, may also apply.</p> <p>Waiver Numbers:</p> <ul style="list-style-type: none"><li>Alisal Union School District 4-1-2017</li><li>Lennox School District 6-1-2017</li><li>Meadows Union Elementary School District 7-1-2017</li><li>Oxnard School District 8-1-2017</li><li>Seeley Union Elementary School District 2-1-2017</li><li>Soledad Unified School District 10-11-2016</li></ul> | <p><b>Action</b></p> <p><b>Consent</b></p> |
|---|--|

#### SUMMARY OF THE ISSUES

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The Alisal Union School District's bonded indebtedness ratio is 1.25 percent and is unable to issue \$37.4 million in bonds authorized in November 2016. Therefore, the district is requesting to increase the limit to 2.35 percent.

The Lennox School District's bonded indebtedness ratio is 1.25 percent and is unable to issue \$25 million in bonds authorized November 2016. Therefore, the district is requesting to increase the limit to 3.16 percent.

The Meadows Union School District's bonded indebtedness ratio is 1.25 percent and is

unable to issue \$6 million in bonds authorized in November 2016. Therefore, the district is requesting to increase the limit to 2.40 percent.

The Oxnard School District's bonded indebtedness ratio is 1.25 percent and is unable to issue \$27.47 million in bonds authorized November 2016. Therefore, the district is requesting to increase the limit to 2.12 percent.

The Seeley Union Elementary School District's bonded indebtedness ratio is 1.25 percent and is unable to issue \$6 million in bonds authorized November 2016. Therefore, the district is requesting to increase the limit to 4.58 percent.

The Soledad Unified School District's bond indebtedness ratio is 2.50 percent and is unable to issue \$3.135 million in bonds authorized in November 2016. Therefore, the district is requesting to increase the limit to 2.71 percent.

**Authority for Waiver:** *Education Code (EC)* Section 33050

## **RECOMMENDATION**

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**Approval   Approval with conditions   Denial**

The California Department of Education (CDE) recommends that the bonded indebtedness limit be waived with the following conditions: (1) the period of request does not exceed the recommended period on Attachment 1, (2) the total bonded indebtedness does not exceed the recommended new maximum shown on Attachment 1, (3) the district does not exceed the statutory tax rate, (4) the waiver is limited to the sale of bonds approved by the voters on the measure noted on Attachment 1, and (5) the district complies with the statutory requirements of Assembly Bill (AB) 182 related to school bonds which became effective January 1, 2014.

## **SUMMARY OF KEY ISSUES**

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The California *Education Code (EC)* provides limits related to a district's total bonded indebtedness, *EC* sections 15106 and 15270(a) limits a unified school district's total general obligation (G.O.) bond indebtedness to 2.5%.

To raise funds to build or renovate school facilities, with voter authorization, school districts may issue G.O. bonds. Prior to 2001, districts needed a two-thirds voter approval. In November 2000, districts were given another option for authorizing and issuing bonds when California voters passed Proposition 39, which allows school bonds to be approved with a 55 percent majority vote if the district abides by several administrative requirements, such as establishing an independent Citizens' Oversight Committee to oversee the use of the funds. Once G.O. bonds are authorized, school districts issue the bonds in increments as needed to fund their facility projects. When

the voters authorize a local G.O. bond, they are simultaneously authorizing a property tax increase to pay the principal and interest on the bond. For Proposition 39 bonds, *EC* sections 15268 limit the tax rate levy authorized in each election to \$30 per \$100,000 of taxable property for high school and elementary school districts.

Without a waiver, school districts that are close to their bonding capacity must decide either to issue fewer bonds, delay the issuance of bonds until their assessed valuation increases, or obtain other more expensive non-bond financing to complete their projects, the costs of which could be paid from district general funds. Therefore, the CDE has historically recommended that the State Board of Education (SBE) approve related waiver requests with the condition that the statutory tax levies are not exceeded at the time the bonds are issued.

On October 2, 2013, Governor Brown signed AB 182 (Chapter 477, Statutes of 2013) which established parameters for the issuance of local education bonds that allow for the compounding of interest, including capital appreciation bonds (CABs). AB 182 requires a district governing board to do the following:

- Before the bond sale, adopt a resolution at a public meeting that includes specific criteria, including being publicly noticed on at least two consecutive meeting agendas.
- Be presented with an agenda item at a public board meeting that provides a financial analysis of the overall costs of the bonds, a comparison to current interest bonds, and reasons why the compounding interest bonds are being recommended.
- After the bond sale, present actual cost information at the next scheduled public meeting and submit the cost information of the sale to the California Debt and Investment Advisory Commission.

### **District Requests**

Alisal Union School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 2.35 percent through December 31, 2025. The district wishes to issue approximately \$37.4 million of 2016 Election Measure “M” Bonds. An additional bond issuance would increase the district’s total bonded indebtedness to \$65.7 million. In order to do so, the district is requesting a bond debt limit waiver, allowing it to increase its debt limit to an amount not to exceed 2.35 percent of assessed value. Based on the preliminary debt repayment schedule, the district is anticipated to come back within the statutory debt limit (1.25 percent) on December 31, 2026.

**Demographic Information:** Alisal Union School District has a student population of 9,282 and is located in Monterey County.

Lennox School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 3.16 percent through August 1, 2032. The District now desires to issue additional general obligations bonds under the authorization received from the voters in 2016 and is now requesting a waiver of Education Code section 15102 for a period of 15 years.

**Demographic Information:** Lennox School District has a student population of 4,910 and is located in Los Angeles County.

Meadows Union School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 2.40 percent through November 1, 2029. The district intends to issue \$6 million of general obligation bonds. The bond issuance will provide the needed funds for the district to build its new gymnasium/multipurpose room. In order to issue the \$6 million, the district is requesting an increase in its debt limit to 2.40 percent of assessed valuation.

**Demographic Information:** Meadows Union School District has a student population of 459 and is located in Imperial County.

Oxnard School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 2.12 percent through August 1, 2025. The district intends to issue \$81 million of general obligation bonds. The bond issuance will provide sufficient proceeds for the district to continue with its ongoing new school construction and classroom modernization program. Provided the waiver is approved, the \$81 million bond issuance will be the first issuance under a \$142.5 million bond measure (Measure D) approved by 69.94 percent of the local voters on November 8, 2016. In order to access the proposed amount of bond proceeds, the district is requesting an increase in its debt limit to 2.12 percent of assessed valuation.

**Demographic Information:** Oxnard School District has a student population of 16,799 and is located in Ventura County.

Seeley Union Elementary School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 4.58 percent through November 1, 2043. The district intends to issue \$6 million of general obligation bonds. The bond issuance will provide the needed funds for the district to build its new gymnasium/multipurpose room. In order to issue the \$6 million, the district is requesting an increase in its debt limit to 4.58 percent of assessed valuation.

**Demographic Information:** Seeley Union Elementary School District has a student population of 350 and is located in Imperial County.

Soledad Unified School District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 2.71 percent through November 1, 2029. The district intends to issue \$3.135 million of general obligation bonds. The bond issuance will provide the needed funds for the district to build its new gymnasium/multipurpose



room. In order to issue the \$3.135 million, the district is requesting an increase in its debt limit to 2.71 percent of assessed valuation.

**Demographic Information:** Soledad Unified School District has a student population of 4,800 and is located in Monterey County.

**Because this is a general waiver, if the SBE decides to deny the waiver, it must cite one of the seven reasons in EC 33051(a)**, available at [http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=EDC&sectionNum=33051](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=33051).

#### **SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION**

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The SBE has approved all bond limit waiver requests limited to the sale of already authorized bonds and at the tax rate levy stated on the bond measure.

#### **FISCAL ANALYSIS (AS APPROPRIATE)**

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Approval of the waiver would allow the district to accelerate the issuance of voter approved bonds.

#### **ATTACHMENT(S)**

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Attachment 1: Summary Table (3 pages)

Attachment 2: Alisal Union School District General Waiver Request 4-1-2017 (3 pages).  
(Original waiver request is signed and on file in the Waiver Office).

Attachment 3: Lennox School District General Waiver Request 6-1-2017 (3 pages).  
(Original waiver request is signed and on file in the Waiver Office).

Attachment 4: Meadows Union School District General Waiver Request 7-1-2017 (2 pages).  
(Original waiver request is signed and on file in the Waiver Office).

Attachment 5: Oxnard School District General Waiver Request 8-1-2017 (3 pages).  
(Original waiver request is signed and on file in the Waiver Office).

Attachment 6: Seeley Union Elementary School District General Waiver Request 2-1-2017 (2 pages).  
(Original waiver request is signed and on file in the Waiver Office).

Attachment 7: Soledad Unified School District General Waiver Request 10-11-2016 (2

pages). (Original waiver request is signed and on file in the Waiver Office).

Summary Table

| District(s) Requesting Increase in Bond Indebtedness Limits   |                               |   |   |                    |                               |   |   |  |   |
|---|-------------------------------|---|---|--------------------|-------------------------------|---|---|--|---|
| <p>California <i>Education Code (EC)</i> sections 15102 and 15268 prohibit elementary and high school districts from issuing bonds in excess of 1.25 percent of the assessed valuation of a district's taxable property. <i>EC</i> sections 15106 and 15270(a) prohibit unified school districts from issuing bonds in excess of 2.5 percent of the assessed valuation of a district's taxable property. <i>EC</i> sections 15268 and 15270(a) limit bonds authorized by a 55 percent majority in elementary and high school districts to \$30 per \$100,000 of taxable property per election and unified school districts to \$60 per \$100,000.</p> |                               |   |   |                    |                               |   |   |  |   |
| Waiver Number   | District                      | Period of Request   | Total Bonded Indebtedness Limit and Tax Rate per \$100,000 Assessed Valuation Allowed by Law or Noted on Voter Pamphlet | District's Request | CDE Recommended (New Maximum) | Bargaining Unit, Representatives Consulted, Date/Position   | Public Hearing and Local Board Approval Date Public Hearing Advertisement   | Advisory Committee Consulted, Date/Position                        | District States it has Complied with Assembly Bill 182 Requirements |
| 4-1-2017  | Alisal Union School District  | <p><b>Requested:</b> March 10, 2017 to December 31, 2025</p> <p><b>Recommended:</b> March 10, 2017 to December 31, 2025</p> | Debt Limit 1.25%  | Debt Limit 2.35%   | Debt Limit 2.35%              | <p>California School Employees Association (CSEA) – Solange Inoue, President December 7, 2016</p> <p>Alisal Teachers Association (ATA) – Tina Gutierrez, President December 7, 2016</p> <p><b>No Objections</b></p> | <p>Public Hearing 12/14/2016</p> <p>Local Board Approval 12/14/2016</p> <p>The District advertised on the District web site, and posted at designated District locations on December 6, 2016. Additionally, the District advertised in the <i>Sainas Californian</i> on December 9, 2016.</p> | School Board of Trustees 12/14/16<br><b>No Objections</b>          | Yes   |
| 6-1-2017  | Lennox School District        | <p><b>Requested:</b> April 1, 2017 to August 1, 2032</p> <p><b>Recommended:</b> April 1, 2017 to August 1, 2032</p>         | <p>Debt Limit 1.25%</p> <p>2014 Measure V Tax Rate No-Limit (Non-Proposition 39)</p>                                    | Debt Limit 3.16%   | Debt Limit 3.16%              | <p>California School Employee's Association #575 Beatriz Torres, President December 8, 2016</p> <p>Lennox Teachers Association Brian Guarrero, President December 8, 2016</p> <p><b>No Objections</b></p>           | <p>Public Hearing 1/7/2017</p> <p>Local Board Approval 1/7/2017</p> <p>Notice posted in newspaper</p>   | Tax Oversight Committee 12/15/16<br><b>No Objections</b>           | Yes   |
| 7-1-2017  | Meadows Union School District | <p><b>Requested:</b> March 9, 2017 to November 1, 2029</p> <p><b>Recommended:</b> March 9, 2017 to November 1, 2029</p>     | Debt Limit 1.25%  | Debt Limit 2.40%   | Debt Limit 2.40%              | <p>Meadows Union Teachers Association (MUTA) Denise Tudor, President December 30, 2016</p> <p><b>No Objections</b></p>  | <p>Public Hearing 12/13/2016</p> <p>Local Board Approval 12/13/2016</p> <p>Posted notice at: Meadows Union School District, Meadows Union Elementary School and on meadowsunion.org</p>   | Parent Teacher Organization (PTO) 12/13/16<br><b>No Objections</b> | Yes   |

District(s) Requesting Increase in Bond Indebtedness Limits

California *Education Code (EC)* sections 15102 and 15268 prohibit elementary and high school districts from issuing bonds in excess of 1.25 percent of the assessed valuation of a district's taxable property. *EC* sections 15106 and 15270(a) prohibit unified school districts from issuing bonds in excess of 2.5 percent of the assessed valuation of a district's taxable property. *EC* sections 15268 and 15270(a) limit bonds authorized by a 55 percent majority in elementary and high school districts to \$30 per \$100,000 of taxable property per election and unified school districts to \$60 per \$100,000.

| Waiver Number | District                                | Period of Request  | Total Bonded Indebtedness Limit and Tax Rate per \$100,000 Assessed Valuation Allowed by Law or Noted on Voter Pamphlet | District's Request | CDE Recommended (New Maximum) | Bargaining Unit, Representatives Consulted, Date/Position   | Public Hearing and Local Board Approval Date Public Hearing Advertisement   | Advisory Committee Consulted, Date/Position              | District States it has Complied with Assembly Bill 182 Requirements |
|---------------|---|--|---|--------------------|-------------------------------|---|---|--|---|
| 8-1-2017      | Oxnard School District                  | <b>Requested:</b> March 9, 2017 to August 1, 2025<br><b>Recommended:</b> March 9, 2017 to August 1, 2025     | Debt Limit 1.25%  | Debt Limit 2.12%   | Debt Limit 2.12%              | Oxnard Educators Association OEA/CTA/NEA January 9, 2017 Robin Letkovits, President<br>Classified School Employees Association January 5, 2017 Jabbar Wofford, President<br>Oxnard Supportive Services Association January 9, 2017 Brenda Muth, President<br><b>No Objections</b> | Public Hearing 12/7/2016<br>Local Board Approval 12/7/2016<br>Posted Notice of Public Hearing at the District Administration Building and in the Ventura County Star on 11/23/2016. | Bond Oversight Committee 1/9/17<br><b>No Objections</b>  | Yes   |
| 2-1-2017      | Seeley Union Elementary School District | <b>Requested:</b> March 9, 2017 to November 1, 2043<br><b>Recommended:</b> March 9, 2017 to November 1, 2043 | Debt Limit 1.25%  | Debt Limit 4.58%   | Debt Limit 4.58%              | Seeley Teachers Association (STA) Troy Boquist, President November 18, 2016<br><b>No Objections</b>   | Public Hearing 12/13/2016<br>Local Board Approval 12/13/2016<br>Posted notice at: Seeley School, Seeley Water Plant, Seeley US Post Office and on seeley.k12.ca.us                  | School Site Council (SSC) 1/5/17<br><b>No Objections</b> | Yes   |

District(s) Requesting Increase in Bond Indebtedness Limits

California *Education Code (EC)* sections 15102 and 15268 prohibit elementary and high school districts from issuing bonds in excess of 1.25 percent of the assessed valuation of a district's taxable property. *EC* sections 15106 and 15270(a) prohibit unified school districts from issuing bonds in excess of 2.5 percent of the assessed valuation of a district's taxable property. *EC* sections 15268 and 15270(a) limit bonds authorized by a 55 percent majority in elementary and high school districts to \$30 per \$100,000 of taxable property per election and unified school districts to \$60 per \$100,000.

| Waiver Number | District                        | Period of Request   | Total Bonded Indebtedness Limit and Tax Rate per \$100,000 Assessed Valuation Allowed by Law or Noted on Voter Pamphlet | District's Request | CDE Recommended (New Maximum) | Bargaining Unit, Representatives Consulted, Date/Position   | Public Hearing and Local Board Approval Date Public Hearing Advertisement  | Advisory Committee Consulted, Date/Position   | District States it has Complied with Assembly Bill 182 Requirements |
|---------------|---------------------------------|---|---|--------------------|-------------------------------|---|--|---|---|
| 10-11-2016    | Soledad Unified School District | <p><b>Requested:</b> March 9, 2017 to March 1, 2019</p> <p><b>Recommended:</b> March 9, 2017 to March 1, 2019</p> | Debt Limit 2.5%   | Debt Limit 2.72%   | Debt Limit 2.72%              | <p>California School Employee Association Marco Hernandez, President October 28, 2016</p> <p>Soledad Teacher's Association Glenda Woodrow, President October 25, 2016</p> <p><b>No Objections</b></p> | <p>Public Hearing 11/9/2016</p> <p>Local Board Approval 11/9/2016</p> <p>Posted notice at district office and school sites</p> | <p>Board Advisory Committee on School Construction 10/26/2016</p> <p><b>No Objections</b></p> | Yes   |

**California Department of Education  
WAIVER SUBMISSION - General**

CD Code: 2765961 Waiver Number: 4-1-2017 Active Year: 2017

Date In: 1/9/2017 1:30:31 PM

Local Education Agency: Alisal Union  
Address: 1205 East Market St.  
Salinas, CA 93905

Start: 3/9/2017 End: 12/31/2025

Waiver Renewal: N

Previous Waiver Number: Previous SBE Approval Date:

Waiver Topic: School Construction Bonds  
Ed Code Title: Bond Indebtedness Limit – Non-Unified after 2000  
Ed Code Section: 15201 and 15268  
Ed Code Authority: 33050

Ed Code or CCR to Waive: 15201 and 15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 1.25 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

**Outcome Rationale: Current Need:**

Based on the applicable statutory bond debt limit (1.25% of assessed value), the Alisal Union School District currently has a total bond debt capacity of \$34.96 million. The District has issued previous bond debt and has approximately \$28.32 million in outstanding principal, leaving the District with a net remaining bonding capacity of \$6.65 million.

To address new and ongoing capital funding needs, the District wishes to issue approximately \$37.4 million of 2016 Election Measure “M” Bonds. An additional bond issuance would increase the District’s total bonded indebtedness to \$65.7 million. In order to do so, the District is requesting a bond debt limit waiver, allowing it to increase its debt limit to an amount not to exceed 2.35% of assessed value. Based on the preliminary debt repayment schedule, the District is anticipated to come back within the statutory debt limit (1.25%) on December 31, 2026.

The proposed 2017 Series A Bonds would contain a combination of current interest and capital appreciation bonds. The Series A Bonds will be in full compliance with the bond structuring requirements as provided by Assembly Bill 182.

**Background:**

In November 8, 2016, voters within the Alisal Union School District approved “Measure M”, authorizing the District to issue \$70 million General Obligation (GO) Bonds:

“To repair/modernize neighborhood school classrooms, facilities, and technology infrastructure supporting programs in reading, math, science and arts; improve disabled student access; repair/replace fire safety, plumbing and electrical systems; with funding that cannot be taken by the State; shall Alisal Union School District rebuild Fremont Elementary School and Alisal Community School and construct one new elementary school to relieve overcrowding and

improve student learning; by issuing \$70 million in bonds at legal rates, with independent oversight, and no money for administrators?”

Measure “M,” as approved by the voters by 73%, specifically authorizes the District to seek a waiver of the statutory bonding limit and issue authorized bonds in excess of the 1.25% limit.

The District now intends to issue the 2017 Series A Bonds under Measure “M” to initiate the first phase of school improvement projects.

Measure “M” was authorized under the election provisions of Proposition 46, which does not provide a tax rate limitation for purposes of repaying the respective bonds. However, at the time of the election, the District estimated the maximum tax rate required to repay all Measure “M” bonds would not exceed \$66.30 per \$100,000 of assessed value.

Student Population: 9282

City Type: Suburban

Public Hearing Date: 12/14/2016

Public Hearing Advertised: District locations, District Website, and the local news publication Salinas Californian.

Local Board Approval Date: 12/14/2016

Community Council Reviewed By: School Board of Trustees

Community Council Reviewed Date: 12/14/2016

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Mr. Jim Koenig

Position: Associate Superintendent

E-mail: [jim.koenig@alisal.org](mailto:jim.koenig@alisal.org)

Telephone: 831-753-5700 x2031

Fax: 831-753-5709

Bargaining Unit Date: 12/07/2016

Name: Alisal Teachers Association (ATA)

Representative Tina Gutierrez

Title: President

Position: Neutral

Comments:

Bargaining Unit Date: 12/07/2016

Name: California School Employees Association (CSEA)

Representative: Solange Inoue

Title: President

Position: Neutral

Comments:

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 1964709 Waiver Number: 6-1-2017 Active Year: 2017

Date In: 1/9/2017 6:10:48 PM

Local Education Agency: Lennox School District  
Address: 10319 South Firmona Ave.  
Lennox, CA 90304

Start: 3/10/2017 End: 8/1/2032

Waiver Renewal: N  
Previous Waiver Number: Previous SBE Approval Date:

Waiver Topic: School Construction Bonds  
Ed Code Title: Bond Indebtedness Limit - Non-Unified  
Ed Code Section: 15102 & 15268  
Ed Code Authority: 33050-33053 & 35582(e)

Ed Code or CCR to Waive: 15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed [1.25] 3.16 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located. 15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed [1.25] 3.16 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Desired Outcome

The granting of this waiver will permit the Lennox School District to issue up to \$25,000,000 in general obligation bonds, as authorized by the District voters on November 8, 2016.

Rationale

A. Background

The Lennox School District, formed in 1910, serves the Lennox community, a 1.3 square-mile area of metropolitan Los Angeles situated between the cities of Hawthorne and Inglewood and the Los Angeles International Airport. The District operates a preschool, five elementary schools, and one middle school.

On June 2, 1998, the District's voters authorized the issuance of \$10,000,000 principal amount of general obligation bonds. The District issued substantially all of the authorized bonds in three series in 1998, 2002, and 2012 and refunded one series in 2012. Bonds from this authorization are outstanding in the amount of \$5,515,411.05.

On November 6, 2007, the District's voters authorized the issuance of \$10,700,000 principal



amount of general obligation bonds. The District has issued the three series of these bonds in 2007, 2012, and 2016 and refunded some of the bonds in 2016. Bonds from this authorization are outstanding in the amount of \$5,452,561.30, and \$4,182,438.70 of the original authorization remains unissued.

All together, the District has outstanding \$10,967,972.35 of bonds. The District's assessed valuation for 2016-17 is \$1,138,988,075, and its bond limitation (1.25%) is \$14,237,351. The District now desires to issue additional general obligations bonds under the authorization received from the voters in 2016 and is now requesting a waiver of *Education Code* section 15102 until 2032 when the projected bonding capacity is projected to become positive under the 1.25% calculation.

#### B. Financial Information

The attached Bonding Capacity Analysis shows the assessed valuation and existing and proposed debt service requirements.

The bonds approved on November 8, 2016, were submitted to the voters under the *Education Code* provisions that require a two-thirds vote for approval. They are not subject to the limitation based on projected tax rates that is applicable to bonds submitted under provisions that allow approval at 55%. The tax rate statement submitted to the voters indicated that the District estimated that the maximum tax rate required to service the debt would be \$86 per \$100,000 assessed valuation. The attached analysis shows that the District expects that rate not to be exceeded if the bonds are issued in accordance with the proposed debt issuance plan.

#### C. Reasons to approve this waiver

1. Approval will permit the District to provide essential learning facilities to its students sooner, rather the waiting until a future fiscal year when the bond indebtedness of the District is expected to fall below the 1.25% limit set forth in the *California Education Code*.
2. Approval will allow the District to capitalize on lower construction costs.
3. Approval will allow the District to take advantage of low interest rates.
4. Approval will satisfy the will of District voters who, at the November 8, 2016 election, reviewed and approved the authorization of \$25,000,000 of bonds. Of the votes cast, 83.59% were in favor.

Student Population: 4910

City Type: Urban

Public Hearing Date: 1/7/2017

Public Hearing Advertised: Notice in newspaper

Local Board Approval Date: 1/7/2017

Community Council Reviewed By: Tax Oversight Committee

Community Council Reviewed Date: 12/15/2016

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Mr. Kevin Franklin  
Position: Chief Business Official  
E-mail: [kevin\\_frankin@lennox.k12.ca.us](mailto:kevin_frankin@lennox.k12.ca.us)  
Telephone: 310-695-4000  
Fax: 310-677-3817

Bargaining Unit Date: 12/08/2016  
Name: California School Employee's Association #575  
Representative: Beatriz Torres  
Title: CSEA President  
Position: Support

Comments:  
Bargaining Unit Date: 12/08/2016  
Name: Lennox Teachers Association  
Representative: Brian Guarrero  
Title: LTA President  
Position: Support  
Comments:

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 1363198

Waiver Number: 7-1-2017

Active Year: 2017

Date In: 1/10/2017 8:33:51 AM

Local Education Agency: Meadows Union Elementary School District  
Address: 2059 Bowker Rd.  
El Centro, CA 92243

Start: 3/9/2017

End: 11/1/2029

Waiver Renewal: N

Previous Waiver Number:

Previous SBE Approval Date:

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified after 2000

Ed Code Section: 15102 and 15268

Ed Code Authority: 33050

Ed Code or CCR to Waive: Ed.C. 15102 and 15268: The total amount of bonds issued pursuant to this chapter and Chapter 1.5 shall not exceed 1.25 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Current Need:

The current statutory debt limit for non-unified school districts is 1.25% of the total assessed valuation of the taxable property within a district's boundaries. As of December 2016, the District's current outstanding debt is only \$400,000, which represents 0.150% percent of the District's total assessed valuation.

However, in April 2017, the District intends to issue \$6 million of general obligation bonds. The bond issuance will provide the needed funds for the District to build its new gymnasium/multipurpose room.

In order to issue the \$6 million, the District is requesting an increase in its debt limit to 2.40% of assessed valuation. Based on our analysis of the District's position, the District should fall below the statutory debt limit within thirteen (13) years or by 2030.

Provided the waiver is approved, the \$6 million bond issuance will be the first and only issuance of the \$6 million bond measure (Measure R) approved by the local voters on November 8, 2016. The voters expressed strong support for the passage of Measure R, with a passage rate of 86%. Measure R is a Proposition 46 election that requires a 2/3, or 66.7%, majority vote approval. Unlike a Proposition 39 election (55% approval), there is not a tax rate limit for the District's Measure R bonds.

The \$6 million will also provide matching funds for approximately \$2 million in state grants that will be made available to the District as a result of the recently approved state-wide Proposition 51 bond.

Analysis:

Attached to this waiver request is the following:

- i. Historical Assessed Values, Fiscal Years 2002 through 2017 (Attachment A)
- ii. Summary of General Obligation Bond Indebtedness versus Projected Debt Limits (Attachment B)
- iii. Tax Rate Analysis (Attachment C)
- iv. Board Resolution Approving Waiver (Attachment D)
- v. Public Notice (Attachment E)

The District anticipates the possibility of using a combination of Current Interest Bonds and Capital Appreciation Bonds for this bond sale. However, the District intends to fully comply with the provisions of Assembly Bill 182.

Student Population: 459

City Type: Rural

Public Hearing Date: 12/13/2016

Public Hearing Advertised: Notices posted at Meadows Union School, the District office and website "meadowsunion.org"

Local Board Approval Date: 12/13/2016

Community Council Reviewed By: Meadows Parent Teachers Organization

Community Council Reviewed Date: 12/13/2016

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Mr. Matt Phillips

Position: Superintendent

E-mail: [matt.phillips@meadowsunion.org](mailto:matt.phillips@meadowsunion.org)

Telephone: 760-352-7512 x2299

Fax: 760-337-1275

Bargaining Unit Date: 12/30/2016

Name: Meadows Union Teachers Association (MUTA)

Representative: Denise Tuder

Title: President

Position: Support

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 5672538

Waiver Number: 8-1-2017

Active Year: 2017

Date In: 1/10/2017 9:55:17 AM

Local Education Agency: Oxnard Unified School District  
Address: 1051 South A St.  
Oxnard, CA 93030

Start: 3/9/2017

End: 8/1/2025

Waiver Renewal: N

Previous Waiver Number:

Previous SBE Approval Date:

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified after 2000

Ed Code Section: 15268

Ed Code Authority: 33050

Ed Code or CCR to Waive: 15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 1.25 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Current Need:

The current statutory debt limit for non-unified school districts is 1.25% of the total assessed valuation of the taxable property within a district's boundaries. On July 8, 2015, the State Board of Education approved a waiver that increased the Oxnard School District's debt limit to 1.67% for a period until July 31, 2025, which enabled the District to sell additional bonds in 2015. As of December 2016, the District's current outstanding debt is 1.45% percent of the District's total assessed valuation and is projected to fall beneath the statutory debt limit by fiscal year 2019-20 assuming an average annual assessed valuation growth of 4.00%. Under the current waiver, the District could issue additional bonds in the amount of approximately \$27,465,000. During the first half of 2017, the District intends to issue \$81 million of general obligation bonds. The bond issuance will provide sufficient proceeds for the District to continue with its ongoing new school construction and classroom modernization program. Provided the waiver is approved, the \$81 million bond issuance will be the first issuance under a \$142.5 million bond measure (Measure D) approved the local voters on November 8, 2016. The voters expressed strong support for the passage of Measure D, as nearly 69.94% of ballots supported passage—while Measure D required only 55% approval for passage, it would have passed even if a 2/3 vote was required.

In order to access the proposed amount of bond proceeds, the District is requesting an increase in its debt limit to 2.12% of assessed valuation. Based on our analysis of the District's position, the District should fall below the statutory debt limit within nine (9) years or by fiscal year 2024-25.

Analysis:

Attached to this waiver request is the following:

- i. Notice of Public Hearing (Attachment A)
- ii. Historical Assessed Values, Fiscal Years 2002 through 2017 (Attachment B)
- iii. Summary of General Obligation Bond Indebtedness versus Projected Debt Limits, together with the Tax Rate Analysis (Attachment C)
- iv. Board Resolution Approving Waiver – Resolution No. 16-17 (Attachment D)

Based on the Tax Rate Analysis figures, the District anticipates that the tax rate will not exceed applicable Proposition 39 tax rate limit for any of its outstanding bonded indebtedness, should the California Department of Education grant this waiver request.

The District currently has Certificates of Participation (COPs) outstanding.

The District anticipates the use a combination of Current Interest Bonds and Capital Appreciation Bonds in future bond sales; however, the District intends to fully comply with the provisions of Assembly Bill 182 including all notice and disclosure provisions thereto.

Student Population: 16799

City Type: Suburban

Public Hearing Date: 12/7/2016

Public Hearing Advertised: Local newspaper Ventura County Star on 11/23/2016 as well as the District Office.

Local Board Approval Date: 12/7/2016

Community Council Reviewed By: Bond Oversight Committee

Community Council Reviewed Date: 1/9/2017

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Dr. Cesar Morales

Position: Superintendent

E-mail: [drcmorales@oxnardsd.org](mailto:drcmorales@oxnardsd.org)

Telephone: 805-385-1501 x2034

Fax: 805-487-2118

Bargaining Unit Date: 01/05/2017

Name: Classified School Employees Association (CSEA)

Representative: Ilene Poland

Title: President

Position: Neutral

Comments:

Bargaining Unit Date: 01/09/2017

Name: Oxnard Educators Association (OEA/CTA/NEA)

Representative: Robin Lefkovits

Title: President

Position: Neutral

Comments:

Bargaining Unit Date: 01/09/2017  
Name: Oxnard Supportive Services (OSSA)  
Representative: Brenda Muth  
Title: President  
Position: Neutral  
Comments:

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 1363222

Waiver Number: 2-1-2017

Active Year: 2017

Date In: 1/9/2017 12:29:13 PM

Local Education Agency: Seeley Union Elementary  
Address: 1812 West Rio Vista St.  
Seeley, CA 92273

Start: 3/9/2017

End: 11/1/2043

Waiver Renewal: N

Previous Waiver Number:

Previous SBE Approval Date:

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified after 2000

Ed Code Section: 15102

Ed Code Authority: 33050

Ed Code or CCR to Waive: Ed.C. 15102: The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Current Need:

The current statutory debt limit for non-unified school districts is 1.25% of the total assessed valuation of the taxable property within a district's boundaries. The District currently has no bonded debt outstanding. Based on a 1.25% limit, the District could issue only \$1.64 million in bonds based on the 2016-17 assessed valuations.

In April 2017, the District intends to issue \$6 million of general obligation bonds. The bond issuance will provide the needed funds for the District to build its new gymnasium/multipurpose room.

In order to issue the \$6 million, the District is requesting an increase in its debt limit to 4.58% of assessed valuation. Based on our analysis of the District's position, the District should fall below the statutory debt limit by 2043.

Provided the waiver is approved, the \$6 million bond issuance will be the first and only issuance of the \$6 million bond measure (Measure S) approved by the local voters on November 8, 2016. The voters expressed strong support for the passage of Measure S, with a passage rate of 84%. Measure S is a Proposition 46 election that requires a 2/3, or 66.7%, majority vote approval. Unlike a Proposition 39 election (55% approval), there is not a tax rate limit for the District's Measure S bonds. Part of the rationale for pursuing a 2/3 vote instead of a 55% approval was because a tax rate limitation would prohibit the District from obtaining the amount of bond proceeds it needs for much needed facilities projects. As required by law, District voters were presented with information regarding anticipated tax rates in the sample ballot. The rates presented assumed issuance of one \$6 million bond issuance.

Analysis:

Attached to this waiver request is the following:



- i. Historical Assessed Values, Fiscal Years 2002 through 2017 (Attachment A)
- ii. Summary of General Obligation Bond Indebtedness versus Projected Debt Limits, together with the Tax Rate Analysis (Attachment B)
- iii. Tax Rate Analysis (Attachment C)
- iv. Board Resolution Approving Waiver (Attachment D)
- v. Public Notice (Attachment E)

The District anticipates the possibility of using a combination of Current Interest Bonds and Capital Appreciation Bonds for this bond sale. However, the District intends to fully comply with the provisions of Assembly Bill 182.

Student Population: 350

City Type: Rural

Public Hearing Date: 12/13/2016

Public Hearing Advertised: Posted Notice of Public Hearing 11/29/2016 at the following locations: Seeley School, Seeley Water Plant, and US Post Office Seeley CA.

Local Board Approval Date: 12/13/2016

Community Council Reviewed By: School Site Council

Community Council Reviewed Date: 1/5/2017

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Ms. Cecilia Dial  
Position: Superintendent  
E-mail: [cdial@seeley.k12.ca.us](mailto:cdial@seeley.k12.ca.us)

Telephone: 760-352-3571  
Fax: 760-352-1629

Bargaining Unit Date: 11/18/2016  
Name: Seeley Teachers Association (STA)  
Representative: Troy Boquist  
Title: President  
Position: Support  
Comments:

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 2775440

Waiver Number: 10-11-2016

Active Year: 2016

Date In: 11/14/2016 9:26:03 AM

Local Education Agency: Soledad Unified School District  
Address: 1261 Metz Rd.  
Soledad, CA 93960

Start: 3/9/2017

End: 3/1/2018

Waiver Renewal: N

Previous Waiver Number:

Previous SBE Approval Date:

Waiver Topic: School Construction Bonds  
Ed Code Title: Bond Indebtedness Limit - Unified after 2000  
Ed Code Section: 15106  
Ed Code Authority: 33050

Ed Code or *CCR* to Waive: A unified school district or community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed [2.50%] percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: On November 6, 2012, District voters approved the issuance of GO Bonds in the amount of \$40 million to finance the acquisition and construction of school facilities. The election was a 2/3 vote election, called pursuant to *Education Code* Section 15100 and following and Article XIII A Section 1(b)(2).

The District has issued three series of bonds pursuant to this authority, totaling \$36.865 million. Due to the small, largely agricultural tax base, the District's assessed valuation is low relative to the costs to construct school facilities. At this time, the District cannot issue the final \$3.135 million series and still meet the 2.50% bonding capacity test. This series, along with funds on hand, will fund the construction of a new middle school which is set to begin December 2016. As such, the District is seeking a waiver of bonding capacity up to the amount of 2.72% of assessed values determined in accordance with *Education Code* Section 15106. It is anticipated that this waiver is only needed to issue this fourth and final series of bonds pursuant to the authority of the 2012 bond election. It is projected that this series will be issued as current interest bonds, and the tax rate on the authorization will be below what was promised to voters. If the waiver is granted, issuance is expected in the first half of 2017.

Student Population: 4800

City Type: Rural

Public Hearing Date: 11/9/2016

Public Hearing Advertised: District Office and school sites

Local Board Approval Date: 11/9/2016

Community Council Reviewed By: Board Advisory Committee on School Construction  
Community Council Reviewed Date: 10/26/2016  
Community Council Objection: N  
Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Mr. Stephen Zhang  
Position: Financial Analyst  
E-mail: [szhang@dalescott.com](mailto:szhang@dalescott.com)

Telephone: 415-956-1030 x110  
Fax:

Bargaining Unit Date: 10/28/2016  
Name: California School Employee Association  
Representative: Marco Hernandez  
Title: President  
Position: Support

Comments:  
Bargaining Unit Date: 10/25/2016  
Name: Soledad Teacher's Association  
Representative: Glenda Woodrow  
Title: President  
Position: Support  
Comments:

## CALIFORNIA STATE BOARD OF EDUCATION

### MARCH 2017 AGENDA

#### General Waiver

|  |  |
|--|--|
| <p><b>SUBJECT</b></p> <p>Request by <b>Centinela Valley Union High School District</b> to waive the California <i>Education Code</i> sections 15102 and 15268 to allow the district to exceed its bonded indebtedness limits. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property. A tax rate levy limit to \$30 per \$100,000 of assessed value also applies.</p> <p>Waiver Numbers: 44-12-2016</p> | <p><b>Action</b></p> <p><b>Consent</b></p> |
|--|--|

#### SUMMARY OF THE ISSUES

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The Centinela Valley Union High School District's bonded indebtedness ratio is 1.25 percent and is unable to issue \$110 million in bonds authorized in November 2016. Therefore, the district is requesting to increase the limit to 2.20 percent.

**Authority for Waiver:** *Education Code (EC)* Section 33050

#### RECOMMENDATION

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**Approval   Approval with conditions   Denial**

The California Department of Education (CDE) recommends that the bonded indebtedness limit be waived with the following conditions: (1) the period of request does not exceed the recommended period on Attachment 1, (2) the total bonded indebtedness does not exceed the recommended new maximum shown on Attachment 1, (3) the district does not exceed the statutory tax rate, (4) the waiver is limited to the sale of bonds approved by the voters on the measure noted on Attachment 1, and (5) the district complies with the statutory requirements of Assembly Bill (AB) 182 related to school bonds which became effective January 1, 2014.

## SUMMARY OF KEY ISSUES

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The California *Education Code (EC)* provides limits related to a district's total bonded indebtedness; *EC* sections 15106 and 15270(a) limit a unified school district's total general obligation (G.O.) bond indebtedness to 2.5%.

To raise funds to build or renovate school facilities, with voter authorization, school districts may issue G.O. bonds. Prior to 2001, districts needed a two-thirds voter approval. In November 2000, districts were given another option for authorizing and issuing bonds when California voters passed Proposition 39, which allows school bonds to be approved with a 55 percent majority vote if the district abides by several administrative requirements, such as establishing an independent Citizens' Oversight Committee to oversee the use of the funds. Once G.O. bonds are authorized, school districts issue the bonds in increments as needed to fund their facility projects. When the voters authorize a local G.O. bond, they are simultaneously authorizing a property tax increase to pay the principal and interest on the bond. For Proposition 39 bonds, *EC* Section 15268 limits the tax rate levy authorized in each election to \$30 per \$100,000 of taxable property for high school and elementary school districts.

Without a waiver, school districts that are close to their bonding capacity must decide either to issue fewer bonds, delay the issuance of bonds until their assessed valuation increases, or obtain other more expensive non-bond financing to complete their projects, the costs of which could be paid from district general funds. Therefore, the CDE has historically recommended that the State Board of Education (SBE) approve related waiver requests with the condition that the statutory tax levies are not exceeded at the time the bonds are issued.

On October 2, 2013, Governor Brown signed AB 182 (Chapter 477, Statutes of 2013) which established parameters for the issuance of local education bonds that allow for the compounding of interest, including capital appreciation bonds (CABs). AB 182 requires a district governing board to do the following:

- Before the bond sale, adopt a resolution at a public meeting that includes specific criteria, including being publicly noticed on at least two consecutive meeting agendas.
- Be presented with an agenda item at a public board meeting that provides a financial analysis of the overall costs of the bonds, a comparison to current interest bonds, and reasons why the compounding interest bonds are being recommended.
- After the bond sale, present actual cost information at the next scheduled public meeting and submit the cost information of the sale to the California Debt and Investment Advisory Commission.

## District Request

The current statutory debt limit for non-unified school districts is 1.25 percent of the total assessed valuation of taxable property within a district's boundaries.

Effective July 1, 2014, the Wiseburn School District (Wiseburn), previously a feeder school district for the District, became a unified school district, which reduced the assessed valuation of the District. *EC 35582* provides the statutory bonding limits for both the District and Wiseburn following the reorganization of Wiseburn. *EC 35582(b)* and (d) provide for the application of *EC 15102* and *15268* to the District following this type of reorganization.

Chapter 730, Statutes of 2012, authorized the District and Wiseburn to establish the Local Public Schools Funding Authority (LPSFA) as a joint powers authority and established a method for allocating the assessed value of residential and non-residential real property in each district. The LPSFA is authorized to issue bonds based on the assessed value of each district. On November 8, 2016, voters approved Measure LP authorizing the LPSFA, through its School Facilities Improvement District No. 2016-1, to issue \$110 million in G.O. bonds. Pursuant to *EC 35582(c)*, the bonding limit applicable to bonds payable from *ad valorem* property taxes of the LPSFA is equal to the sum of the respective bonding limits applicable to the members of the LPSFA.

The District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 2.20 percent through August 1, 2031, in order to access the proposed amount of proceeds.

**Demographic Information:** Centinela Valley Union High School District has a student population of 6,585 and is located in Los Angeles County.

**Because this is a general waiver, if the SBE decides to deny the waiver, it must cite one of the seven reasons in *EC 33051(a)*, available at [http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=EDC&sectionNum=33051](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=33051).**

## **SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION**

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The SBE has approved all bond limit waiver requests limited to the sale of already authorized bonds and at the tax rate levy stated on the bond measure.

## **FISCAL ANALYSIS (AS APPROPRIATE)**

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Approval of the waiver would allow the district to accelerate the issuance of voter approved bonds.



**ATTACHMENT(S)**

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Attachment 1: Summary Table (1 page)

Attachment 2: Centinela Valley Union High School District General Waiver Request  
44-12-2016 (3 pages). (Original waiver request is signed and on file in the  
Waiver Office).

Summary Table

| District(s) Requesting Increase in Bond Indebtedness Limits  |   |  |   |                    |                               |   |   |   |   |
|--|---|--|---|--------------------|-------------------------------|---|---|---|---|
| California <i>Education Code (EC)</i> sections 15102 and 15268 prohibit elementary and high school districts from issuing bonds in excess of 1.25 percent of the assessed valuation of a district's taxable property. <i>EC</i> sections 15106 and 15270(a) prohibit unified school districts from issuing bonds in excess of 2.5 percent of the assessed valuation of a district's taxable property. <i>EC</i> sections 15268 and 15270(a) limit bonds authorized by a 55 percent majority in elementary and high school districts to \$30 per \$100,000 of taxable property per election and unified school districts to \$60 per \$100,000. |   |  |   |                    |                               |   |   |   |   |
| Waiver Number  | District                                    | Period of Request  | Total Bonded Indebtedness Limit and Tax Rate per \$100,000 Assessed Valuation Allowed by Law or Noted on Voter Pamphlet | District's Request | CDE Recommended (New Maximum) | Bargaining Unit, Representatives Consulted, Date/ Position  | Public Hearing and Local Board Approval Date Public Hearing Advertisement   | Advisory Committee Consulted, Date/ Position                        | District States it has Complied with Assembly Bill 182 Requirements |
| 44-12-2016   | Centinela Valley Union High School District | <p><b>Requested</b><br/>:<br/>March 20, 2017 to August 1, 2031</p> <p><b>Recommended:</b> March 20, 2017 to August 1, 2031</p> | Debt Limit 1.25%  | Debt Limit 2.20%   | Debt Limit 2.20%              | <p>Centinela Valley Secondary Teachers' Association<br/>Temisha Brame, President<br/>December 12, 2016</p> <p>California Schools Employees Association<br/>Cesar Perez, President<br/>December 14, 2016</p> <p><b>No Objections</b></p> | <p>Public Hearing 12/13/2016</p> <p>Local Board Approval 12/13/2016</p> <p>The district advertised notice of the public hearing in the local newspaper, the Daily Breeze and on the Board website</p> | Hawthorne High School Site Council 12/12/16<br><b>No Objections</b> | Yes   |

**California Department of Education**  
**WAIVER SUBMISSION - General**

CD Code: 1964352 Waiver Number: 44-12-2016 Active Year: 2016

Date In: 12/30/2016 11:34:44 AM

Local Education Agency: Centinela Valley Union High  
Address: 14901 South Inglewood Ave.  
Lawndale, CA 90260

Start: 3/20/2017 End: 8/1/2024

Waiver Renewal: N  
Previous Waiver Number: Previous SBE Approval Date:

Waiver Topic: School Construction Bonds  
Ed Code Title: Bond Indebtedness Limit - Non-Unified after 2000  
Ed Code Section: 15102 & 15268 (see also Sec. 35582(b) and (d) and Sec. 15334.5)  
Ed Code Authority: 33050-33053 & 35582(e)

Ed Code or CCR to Waive: 15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 2.20 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 1.25 2.20 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Current Need: The current statutory debt limit for non-unified school districts is 1.25% of the total assessed valuation of taxable property within a district's boundaries. Effective July 1, 2014, Wiseburn School District ("Wiseburn"), previously a feeder school district for Centinela Valley Union High School District (the "District"), became a unified school district, which reduced the assessed valuation of the District. Section 35582 provides for the statutory bonding limits for each of the District and Wiseburn following the reorganization of Wiseburn, and specifically subsections 35582(b) and (d) provide for the application of Sections 15102 and 15268, respectively, to the District following such reorganization.

Through a joint exercise of powers agreement (the "JPA Agreement"), and pursuant to Section 6500 et. seq. of the California Government Code, the District and Wiseburn created the Local Public Schools Funding Authority (the "LPSFA"), a joint powers authority, wherein each of the District and Wiseburn were members. Through the LPSFA and pursuant to Sections 35582(b) and (d), the District may levy ad valorem taxes against taxable property within the District, as well as non-residential properties within Wiseburn, by issuing future general obligation bonds through the LPSFA, or through a School Facilities Improvement District formed by the JPA. On November 8, 2016, voters approved Measure LP authorizing the Local Public Schools Funding Authority, through its School Facilities Improvement District No. 2016-1, to issue \$110 million in general obligation bonds. Pursuant to Cal. Ed. Code 35582(c), the bonding limit applicable to bonds payable from ad valorem property taxes of the LPSFA is equal to the sum of the respective bonding limits applicable to the members of the LPSFA. In order to access the proposed amount of proceeds, the District is requesting an increase in its debt limit to 2.20% of

assessed valuation. Based on our analysis of the District's position, the District should fall below the 1.25% debt limit by fiscal year 2031-32. The attached table illustrates the District's assessed valuation and statutory debt limitation.

Section 35582(d) provides for the method of allocating bonds issued by the LPSFA to the District and Wiseburn. We note that the District and Wiseburn are in discussions related to potential adjustments to the basis of allocating the bonded indebtedness of the LPSFA to the District and Wiseburn for purposes of the bonding capacity limits set forth in Section 35582(b). The District does not expect its bonding capacity needs stated herein to be affected by the discussions with Wiseburn.

Analysis: Attached to this waiver request is the following: i. Notice of Public Hearing (Attachment A) ii. Historical Assessed Values for Fiscal Years 1987 through 2017 (Attachment B) iii. Summary of General Obligation Bonds Indebtedness versus Projected Debt Limits, together with the Tax Rate Analysis (Attachment C) iv. Board Approved Resolution (Attachment D).

Based on the Tax Rate Analysis figures, the District anticipates that the tax rate will not exceed applicable Proposition 39 tax rate limit for any of its outstanding bonded indebtedness, should the California Department of Education grant this waiver request. The District anticipates the use of a combination of Current Interest Bonds and Capital Appreciation Bonds in future bond sales; however, the District intends to fully comply with the provisions of Assembly Bill 182, including all notice and disclosure provisions thereto.

Student Population: 6586

City Type: Suburban

Public Hearing Date: 12/13/2016

Public Hearing Advertised: The District advertised notice of the public hearing in the local newspaper, the Daily Breeze and on the Board website.

Local Board Approval Date: 12/13/2016

Community Council Reviewed By: Hawthorne High School School Site Council

Community Council Reviewed Date: 12/12/2016

Community Council Objection: N

Community Council Objection Explanation:

Audit Penalty YN: N

Categorical Program Monitoring: N

Submitted by: Mr. Ron Hacker

Position: Assistant Superintendent, Business Services

E-mail: [hackerr@centinela.k12.ca.us](mailto:hackerr@centinela.k12.ca.us)

Telephone: 310-263-3220

Fax: 310-644-7218

Bargaining Unit Date: 12/14/2016

Name: California Schools Employees Association

Representative: Cesar Perez

Title: President

Position: Support

Comments:

Bargaining Unit Date: 12/12/2016  
Name: Centinela Valley Secondary Teachers' Association  
Representative: Temisha Brame  
Title: President  
Position: Support  
Comments: