

# Protecting and Maximizing Your Assets

C.A.S.H. Spring Conference  
Miller Brown & Dannis

Janet Mueller  
(619) 595-0200

Marilyn Cleveland  
(415) 543-4111

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## General Obligation Bonds

- What are they?
- What do they fund?
  - Traditional GO Bond
    - Acquisition and improvement of real property
  - Prop 39 Bond
    - Construction, reconstruction, rehabilitation, replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities

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# General Obligation Bonds

- Maximizing Proceeds
  - Minimize costs of issuance without sacrificing a quality team;
    - Who do you need, when, and at what cost
    - Using RFPs
  - Ballot Measure should provide for some flexibility to adapt to changing needs
    - Balance legal accountability and specificity requirements against flexibility
    - *Foothill DeAnza v. Emerich*

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# General Obligation Bonds

- Maximizing Proceeds, cont.
  - Using proceeds for salaries or other non hard costs of construction
    - CA Attorney General Opinion (2004)
    - *San Lorenzo Valley Community Advocates v. San Lorenzo Valley Unified SD*
    - Costs “incidentally but directly related to construction or acquisition” charged to bond
  - Work effectively with Citizen’s Oversight Committee

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# Parcel Taxes

- What are they?
  - Voter-approved “qualified special taxes”
  - Derived from Cal. Constitution and implemented for school districts in the Government Code
  - Parcel taxes must “apply uniformly to all taxpayers or real property” in District
    - May not be *ad valorem*
    - May include senior citizen and disabled persons exemption
    - Must it be a “flat tax?”
    - May there be other exemptions?

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# Parcel Taxes

- What may they fund?
  - No legal limit, but by definition, a special tax funds special or specific governmental purposes
    - Is education itself a “specific governmental purpose”?
    - Common to use parcel taxes to support salaries and programs
    - Capital facilities expenditures are permissible but uncommon

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# Parcel Taxes

- Characteristics of Parcel Taxes
  - Length of tax is open ended; taxes of 4-6 years are common
  - Sometimes includes annual inflator
- Accountability Requirements
  - Measure must describe:
    - Specific purpose of the tax
    - Segregation of proceeds, annual reporting of funds collected and expended, status of projects
    - [Voluntary] Citizen's Oversight Committee

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# Parcel Taxes

- Procedures
  - Election may be held on any of the 3 regular election dates during the year (March/April, June, November)
  - 88-day lead time to call election
  - Noticed public hearing must be held prior to calling election
  - Ballot proposition to include: type of tax, rate of tax, method of collection, election date

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# Parcel Taxes

- Procedures, cont.
  - Short form/full ballot text format is common
  - Full ballot text should reference:
    - What tax will fund
    - How much, and for how long
    - Definition of “parcel”
    - Handling and administration of exemptions
    - Resolution of claims related to tax (County is unlikely to agree to be involved)
    - Recitation of accountability features
    - Reference to Gann limit adjustment