

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Clerk-Recorder	(2) MEETING DATE 11/3/2015	(3) CONTACT/PHONE Tommy Gong (805) 781-5235	
(4) SUBJECT Hearing to consider the petition of the Board of Trustees of the Atascadero Unified School District to cancel \$25 million of authorized but unissued general obligation bonds; and to approve the resolution to cancel said bonds. District 5.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Conduct a public hearing pursuant to the provisions of California Education Code section 15200 et seq. on the petition of the Board of Trustees of the Atascadero Unified School District (hereafter referred to as "the district" or "the AUSD") to cancel \$25 million of authorized but unissued general obligation bonds that were approved by the voters of the AUSD on November 2, 2010; and 2. Approve a resolution finding that it is in the best interest of the AUSD to issue an order to cancel the authorized but unissued general obligation bonds.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT { } Consent { } Presentation { X } Hearing (Time Est. 10 minutes) { } Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS { X } Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required { X } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW			
(18) SUPERVISOR DISTRICT(S) District 5			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Clerk-Recorder / Tommy Gong
(805) 781-5235

DATE: 11/3/2015

SUBJECT: Hearing to consider the petition of the Board of Trustees of the Atascadero Unified School District to cancel \$25 million of authorized but unissued general obligation bonds; and to approve the resolution to cancel said bonds. District 5.

RECOMMENDATION

It is recommended that the Board:

1. Conduct a public hearing pursuant to the provisions of California Education Code section 15200 et seq. on the petition of the Board of Trustees of the Atascadero Unified School District (hereafter referred to as "the district" or "the AUSD") to cancel \$25 million of authorized but unissued general obligation bonds that were approved by the voters of the AUSD on November 2, 2010; and
2. Approve a resolution finding that it is in the best interest of the AUSD to issue an order to cancel the authorized but unissued general obligation bonds.

DISCUSSION

California Education Code section 15200 provides that a school district may petition the County Board of Supervisors to cancel authorized general obligation bonds if the bonds have not been offered for sale for one year from the date of the election at which the bonds were authorized, or if the bonds remain unsold for a period of six months after having been offered for sale. (All statutory references herein are to the Education Code unless otherwise noted.)

On September 18, 2015, the Clerk of the Board received a petition from the Board of Trustees of the AUSD, attached hereto as Exhibit A, requesting that the Board of Supervisors commence the process under section 15200 et seq. to cancel certain authorized but unissued general obligation bonds approved by the qualified voters of the district in 2010 by the passage of Measure I-10. On October 6, 2015, the Board set today's date for the public hearing on the petition. Notice of the public hearing, a copy of which is attached hereto as Exhibit B, was published in compliance with section 15201.

Pursuant to the provisions of section 15202, the Board is required to hear any reasons that may be submitted for or against the granting of the petition. If after the public hearing, the Board deems it in the best interests of the AUSD that the bonds be canceled, it shall enter an order in the minutes of the proceedings that the unissued bonds be canceled. Upon entry of the order, \$25 million of the bond authorization shall be canceled and the authorization approving of the bonds shall cease to be of any validity.

Background

At the general election held on November 2, 2010, the qualified voters of the AUSD approved Measure I-10, authorizing the Board of Trustees of the AUSD to issue \$117 million in general obligation bonds for the purpose of generating revenue to acquire and improve school facilities within the district. Measure I-10 was approved and the bonds authorized pursuant to Proposition 39. The tax rate statement of the AUSD, which is required to be published in the ballot material for Measure I-10, projected that the tax rate levied to pay the debt service on the bonds would not exceed \$60 per year per \$100,000 of taxable real property within the district. The AUSD issued two series of Measure I-10 bonds: Series A in the principal amount of \$25,500,000, and Series B in the principle amount of \$33,499,691.80, leaving exactly \$58,000,308.20 of Measure I-10 bonds unissued ("the unissued bonds").

In 2014, the Board of Trustees of the AUSD determined that, due to the economic downturn commencing in 2008 and the consequent decline in the assessed value of property within the district, it would not be feasible for the district to issue the remaining authorized but unissued bonds approved by Measure I-10. However, the Board of Trustees also determined that there was still an urgent need to complete the educational projects for which the Measure I-10 bonds were authorized and desired to do so in a manner that would avoid excessive borrowing costs. Therefore, on May 20, 2014, the Board of Trustees of the AUSD passed AUSD Board Resolution 21-13-14 (a copy of which is attached hereto as Exhibit C), calling for another school bond election to submit to the qualified voters of the district the question of whether a new authorization for the issuance of general obligation bonds of the district, in the principal amount of \$58 million, should be issued and sold for the purpose of generating the needed revenue to complete the educational projects for which the Measure I-10 bonds had been authorized in 2010.

In order to ensure that the issuance of any newly authorized bonds would not exceed the total authorized district debt pursuant to Measure I-10, the full text of the school bond measure posed to the voters in 2014 (Measure B-14) included a covenant that the Board of Trustees of the AUSD would petition the County Board of Supervisors to cause to be canceled the unissued Measure I-10 bonds in a principal amount equal to the principal amount of such series of bonds as may be issued pursuant to Measure B-14 so that the original \$117,000,000 in bonds approved by Measure I-10 in 2010 would not be exceeded.

On November 4, 2014, the qualified voters of the AUSD passed Measure B-14, which authorized the issuance of general obligation bonds in an aggregate amount of \$58 million, the amount of the unissued Measure I-10 bonds.

On May 5, 2015, the Board of Trustees of the AUSD passed Resolution 17-14-15 (attached hereto as Exhibit D), authorizing the district to initiate proceedings for the issuance of a first series of Measure B-14 bonds in the aggregate principal amount of \$25 million, for the purpose of providing the financing for projects authorized by Measure B-14. In accordance with the promise made to the voters of the district in Measure B-14, the Board of Trustees has now submitted to this Board the petition under consideration to cancel \$25 million in authorized but unissued Measure I-10 bonds in accordance with the provisions of section 15201.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has consulted with the district's bond counsel and reviewed and approved the resolution as to form and legal effect, ordering the cancellation of \$25 million in authorized but unissued Measure I-10 bonds.

FINANCIAL CONSIDERATIONS

There are no financial considerations for the County. Approval of the attached resolution will fulfill the AUSD's obligations made to the voters of the district pursuant to Measure B-14 that a like amount of unissued Measure I-10 bonds would be canceled when the district issued any series of Measure B-14 bonds.

RESULTS

Adoption of this resolution supports the County's goal of providing A Well Governed Community by providing high quality services and adhering to fiscal responsibility.

ATTACHMENTS

1. Exhibit A: Petition of the AUSD Board of Trustees
2. Exhibit B: Notice of Public Hearing
3. Exhibit C: AUSD Board of Trustees Resolution 21-13-14
4. Exhibit D: AUSD Board of Trustees Resolution 17-14-15
5. Resolution ordering Bond cancellation