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April 18, 2013

The Honorable Joan Buchanan
California State Assembly
State Capitol, Room 2148
Sacramento, CA 95814

The Honorable Ben Hueso
California State Assembly
State Capitol, Room 5155
Sacramento, CA 95814

RE: AB 182 (Buchanan and Hueso) – SUPPORT
Bonds: school districts and community college districts

Dear Assembly Members Buchanan and Hueso:

On behalf of the Solano County Board of Supervisors, I am pleased to inform you of the Board's support for your measure, AB 182, related to the structure and sale of capital appreciation bonds (CABs). We truly appreciate your commitment and willingness to take on this important issue.

The accrual and compounding of interest on long-dated CABs leaves taxpayers with a staggering amount of debt on a facility that will sometimes be over a decade old before the first payment on it is due. That is not a prudent or reasonable way to manage taxpayer dollars raised to fund public facilities. The inordinately more expensive bonds do not mean more funds for the classroom or community – it means more money for institutional investors.

The alarmingly-widespread practice of using long-dated CABs with debt –service holidays has been much chronicled, and over 200 school districts statewide have outstanding CAB debt with repayment ratios of 8:1, 9:1, 10:1 and even more. As you know, taxpayer reaction to these facts is overwhelmingly negative, and could affect the long-term trust of voters in approving any type of bond for any type of project.

The Board is responsible for ensuring the delivery of publicly funded projects that are sometimes funded with voter-approved bonds. The integrity of those transactions must be beyond reproach. Any practice in the public finance realm that casts doubt upon the integrity of expenditures and the prudent use of taxpayer funds jeopardizes the prospect of bond funding being approved by the voters in the future.

The Board believes that AB 182 will bring common sense reforms to the laws governing the structure of bonds issued by schools, thereby enhancing the public's confidence in the use of taxpayer dollars to benefit all of our communities. Therefore, the Board supports AB 182 and stands prepared to assist you and your staff in assuring its approval.

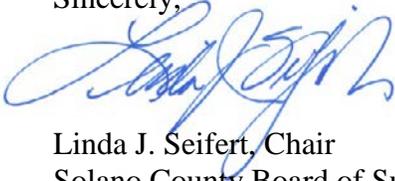
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Solano County **SUPPORTS** your **AB 182** and thanks you for introducing this important legislation.

Sincerely,



Linda J. Seifert, Chair

Solano County Board of Supervisors

Cc: The Honorable Members of the Senate Committee on Education
The Honorable Members of the Assembly Committee on Education
The Honorable Lois Wolk, Senate District 3
The Honorable Susan Bonilla, Assembly District 14
The Honorable Mariko Yamada, Assembly District 4
Paul Yoder, Shaw / Yoder / Antwih, Inc.