

ASSEMBLY BILL

No. 1979

Introduced by Assembly Member Nazarian

February 19, 2014

An act to amend Section 17173 of the Education Code, relating to school facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1979, as introduced, Nazarian. School facilities: California School Finance Authority: definitions.

Existing law authorizes the California School Finance Authority to, among other things, determine the location and character of any project to be financed or refinanced under the California School Finance Authority Act. Existing law defines the term “project” as the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of an educational facility to be financed or refinanced pursuant to the act.

This bill would provide that the term “project” may also include reimbursement for the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of an education facility to be financed or refinanced pursuant to the act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17173 of the Education Code is amended
2 to read:

1 17173. As used in this chapter, the following words and terms
2 shall have the following meanings, unless the context indicates or
3 requires another or different meaning or intent:

- 4 (a) “Act” means the California School Finance Authority Act.
- 5 (b) “Agent” means a county or city board of education or
6 superintendent of schools acting with the board’s consent, on behalf
7 of one or more school districts for any purpose of this chapter, the
8 Board of Governors of the California Community Colleges or the
9 Chancellor of the California Community Colleges acting with the
10 Board of Governors’ consent, on behalf of one or more community
11 college districts for any purpose of this chapter, and the school
12 district, county office of education, or other chartering entity acting
13 with the consent of, and on behalf of, one or more charter schools
14 for any purpose of this chapter.
- 15 (c) “Authority” means the California School Finance Authority,
16 or any board, body, commission, department, or officer succeeding
17 to the principal functions of the authority, or to which the powers
18 conferred upon the authority by this chapter shall be given by law.
- 19 (d) “Bonds” or “revenue bonds” means bonds, notes, lease
20 obligations, certificates of participation, commercial paper, and
21 any other evidences of indebtedness.
- 22 (e) “Cost,” as applied to all or part of a project financed or
23 refinanced pursuant to this chapter, means and includes all or any
24 part of the cost of any of the following:
 - 25 (1) Construction.
 - 26 (2) Acquisition or improvement of all lands, structures, real or
27 personal property, rights, rights-of-way, franchises, easements,
28 and interests acquired or used for a project.
 - 29 (3) Demolition or removal of any buildings or structures on land
30 acquired for a project, including the acquisition of any lands to
31 which the buildings or structures may be moved.
 - 32 (4) All machinery and equipment.
 - 33 (5) Financing or refinancing charges, including, but not limited
34 to, credit enhancement costs, and prepayment penalties.
 - 35 (6) Interest before, during, and for a period following, the
36 completion of any construction or improvement determined by the
37 authority.
 - 38 (7) Provisions for working capital.

1 (8) Reserves for principal and interest, and for extensions,
2 enlargements, additions, replacements, renovations, and
3 improvements.

4 (9) Engineering, architectural, financial, and legal services,
5 plans, specifications, studies, surveys, estimates, administrative
6 expenses, and other expenses necessary or incident to the
7 construction, acquisition, or improvement of any project or any
8 financing or refinancing under this chapter.

9 (f) “Educational facility” means any property, facility, structure,
10 equipment, or furnishings used or operated in conjunction with
11 one or more public schools, including charter schools, or
12 community colleges, including, but not limited to, all of the
13 following:

14 (1) Classrooms.

15 (2) Auditoriums.

16 (3) Student centers.

17 (4) Administrative offices.

18 (5) Sports facilities.

19 (6) Maintenance, storage, or utility facilities.

20 (7) All necessary or usual attendant and related facilities and
21 equipment, including streets, parking, and supportive service
22 facilities or structures required or useful for the effective operation
23 of the educational facility.

24 (g) “Participating party” means:

25 (1) A school district, charter school, county office of education,
26 or community college district that undertakes, itself or through an
27 agent, the financing or refinancing of a project or of working capital
28 pursuant to this chapter.

29 (2) Any person, company, association, state or municipal
30 government entity, partnership, firm, or other entity or group of
31 entities that undertakes the financing or refinancing of a project
32 pursuant to this chapter in conjunction with an entity described in
33 paragraph (1).

34 (3) “Participating party” shall also be deemed to refer to the
35 agent to the extent the agent is acting on behalf of the school
36 district, charter school, county office of education, or community
37 college district for any purpose of this chapter.

38 (4) For purposes of subdivision (d) of Section 17183, and
39 Section 17193.5, subdivisions (a) and (b) of Section 17199.1, and
40 Section 17199.4, “participating party” shall be deemed to refer to

1 an entity described in paragraph (1) in conjunction with which an
2 entity described in paragraph (2), if any, applied for financing from
3 the authority.

4 (h) “Project” means the acquisition, construction, expansion,
5 remodeling, renovation, improvement, furnishing, or equipping
6 of an educational facility to be financed or refinanced pursuant to
7 this chapter. *“Project” may include reimbursement for the costs*
8 *of acquisition, construction, expansion, remodeling, renovation,*
9 *improvement, furnishing, or equipping of an educational facility*
10 *to be financed or refinanced pursuant to this chapter.* “Project”
11 may include any combination of the foregoing undertaken jointly
12 by any participating ~~district~~ party with one or more other
13 participating parties.

14 (i) “Working capital” means funds to be used by, or on behalf
15 of, a participating party to pay maintenance or operating expenses,
16 or any other costs that would be treated as an expense item under
17 generally accepted accounting principles in connection with the
18 ownership or operation of an educational facility, including, but
19 not limited to, all of the following:

- 20 (1) Reserves for maintenance or operating expenses.
- 21 (2) Interest for a period not to exceed two years on any loan for
22 working capital made pursuant to this chapter.
- 23 (3) Reserves for debt service, and any other costs necessary or
24 incidental to, financing pursuant to this chapter.
- 25 (4) Payments made by a participating party for the rent or lease
26 of an educational facility.

27 (j) “Certificate of participation” means an undivided interest in
28 one or more bonds, leases, loans, installment sales, or other
29 agreements of a participating party or parties.

30 (k) “Charter school” means a school established pursuant to
31 Part 26.8 (commencing with Section 47600) of *Division 4* of Title
32 2.