

Arguments Against Proposed Charter Amendment to Require Voter Approval

Prior to Issuing or Incurring Certain Debt Obligations

Charter Section 1109

California's Proposition 13 overwhelmingly passed in 1978.

Prior to Proposition 13, local governments set property tax rates, often abusing their ability to tax.

Proposition 13 required 2/3rds voter approval for "general obligation" bonds.

Unfortunately, Sacramento's lobby created financial instruments to circumvent Proposition 13's 2/3rds voter requirement.

In 2010, former councilmembers Keith Curry, Rush Hill, Mike Henn, and Steve Rosansky used Certificates of Participations to borrow \$126,660,000 to build the Civic Center Project. This was done without voter approval, using numerous city-owned properties as collateral.

Today, Newport's taxpayers are paying \$8,000,000 a year in debt service for the Civic Center Project.

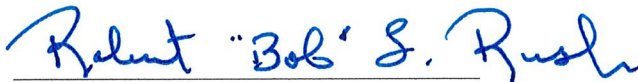
The \$128,000,000 debt will cost us \$228,000,000 when paid off in 2041.

Voters should have the right to decide if they approve of borrowing large amounts of debt, against collateralized public assets, to pay for future projects.

The current City Council voted 6-1 to require debt issued over \$50 Million to receive 55% of the vote.

Although the proposed Charter Amendment is a good first step, 2/3rds of voter approval for debt on large city projects in excess of \$25 million is a better threshold than the threshold of 55% of the vote when debt is used to finance projects in excess of \$50 million.

Even though this Charter Amendment is a step in the right direction, we should reject it and send it back for a higher 2/3rds voter approval threshold and lower \$25 million debt ceiling.



Bob Rush

President, Newporters for Ethical Government

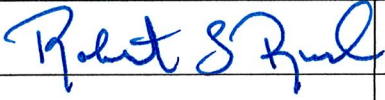
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**FORM OF STATEMENT TO BE FILED BY
AUTHOR(S) OF ARGUMENT**

The undersigned proponent(s) or author(s) of the (primary/rebuttal) argument (in favor of/against) ballot measure amending the Newport Beach City Charter Section 1109 to require voter approval prior to issuing or incurring certain debt obligations, at the General Municipal Election for the City of Newport Beach to be held on Tuesday, November 6, 2018, hereby state that the argument is true and correct to the best of (his/her/their) knowledge and belief.

SIGN NAME	PRINT NAME	DATE
	ROBERT L. RUSLI	7-3-18

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