

Bond Case Briefs

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SCHOOL FINANCE - CALIFORNIA

McGee v. Balfour Beatty Construction, LLC

**Court of Appeal, Second District, Division 8, California - April 12, 2016 - Cal.Rptr.3d - 247
Cal.App.4th 235 - 2016 WL 2620116**

Taxpayers brought action against school district and construction company under competitive bidding statutes.

The Superior Court, Los Angeles County, sustained demurrer without leave to amend. Taxpayers appealed.

The Court of Appeal held that:

- School districts were exempt from obtaining competitive bids when entering into “lease-leaseback” construction contracts, but
- Construction contractor’s alleged provision of construction management services could establish violation of conflict of interest statute.

School districts were exempt from obtaining competitive bids when entering into “lease-leaseback” agreements to improve school property, even if the districts funded the projects, and regardless of whether the leases were site leases or subleases.

School construction contractor’s alleged acts of providing school district’s professional program management, construction management, and preconstruction services were sufficient to establish a violation of the conflict of interest provision in the statute barring public officials or employees from being personally financially interested in contracts they formed in their official capacities, stemming from contractor’s lease-leaseback school construction contracts with the district, where the contractor allegedly filled the roles and positions of officers, employees, and agents of the district.