

Bond Case Briefs

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SCHOOL FINANCING - OHIO

Schuerman v. Eastwood Local School Dist.

Court of Appeals of Ohio, Sixth District, Wood County - March 4, 2016 - Slip Copy - 2016 WL 853750 - 2016 -Ohio- 846

In order to construct a new, consolidated pre-kindergarten through fifth grade school while demolishing three existing school buildings, school district twice sought voter approval for the issuance of bonds to fund the project. Twice the voters rejected the request.

The district then entered into an agreement with the Ohio School Facilities Commission (OSFC), a state administrative agency, to construct a new school. According to the agreement, the total budget for the project was \$19,465,053. The state was to pay \$7,007,419 and the district was to pay \$12,457,634.

Local citizens filed a complaint for declaratory judgment and permanent injunction seeking to enjoin performance under the agreement with the OSFC. Citizens argued that the district and OSFC were acting outside of their statutory authority. Citing R.C. 33 18.05, the citizens noted that the district voters were not given a chance to approve the ballot measures necessary to generate the district's portion of the project's cost.

Citizens contend that by entering into the project agreement with OSFC, the district effectively disenfranchised them as electors. The citizens contended that an election is required before the district can enter into a project agreement. Citizens, therefore, claim they have standing based on their status as disenfranchised electors.

The school district disagreed that it was required to go to the voters before entering into the agreement/contract with OSFC. This is because R.C. 3318.084(A)(1) authorizes the district to use Certificates of Participation to raise money for its local share of a school construction project.

The Court of Appeals agreed with the school district. As the district was successful in selling enough Certificates of Participation to cover its portion of the project's cost, there was no need to put a bond issue before the voters so citizens were not "disenfranchised electors."