

MEASURE G

Approval of Measure G does not guarantee that the proposed project or projects in the Morgan Hill Unified School District that are the subject of bonds under Measure G will be funded beyond the local revenues generated by Measure G. The school district's proposal for the project or projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE G

Upon approval of 55% of the votes cast by voters in an election, California law permits school districts to issue bonds, secured by the levy of ad valorem taxes on property within a district, for the purpose of construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.

The Board of Education (Board) of the Morgan Hill Unified School District (District) proposes issuing bonds in the amount of \$198,250,000. As identified in the measure, bond proceeds would be used to (1) improve student access to computers and modern technology and provide a quality education; (2) repair or replace leaky roofs; (3) upgrade old plumbing, heating/cooling systems, classrooms and outdated restrooms; (4) upgrade fire safety; (5) maximize energy efficiency; (6) improve handicapped accessibility; and (7) modernize, construct and acquire classrooms, equipment, sites and facilities.

Proceeds of the bonds could not be used for teacher and administrator salaries or other operating expenses. The District will be required to conduct performance and financial audits, and appoint an independent citizens' oversight committee to ensure bond proceeds are expended as promised.

The District's best estimate of the tax rate to be levied to fund the proposed bond issue is \$59.00 per \$100,000 during the first fiscal year after the sale of the first series of bonds and during the first fiscal year after the sale of the last series of bonds. The District's best estimate of the highest tax rate that would be required to be levied to fund the bond issue is \$59.00 per \$100,000 per fiscal year of assessed valuation.

A "yes" vote is a vote to authorize the issuance and sale of the bonds in the amount of \$198,250,000 to be secured by the levy of ad valorem taxes on property located within the District.

A "no" vote is a vote not to authorize the issuance and sale of the bonds in the amount of \$198,250,000 to be secured by the levy of ad valorem taxes on property located within the District.

Lori E. Pegg
Acting County Counsel

By: /s/ Susan Swain
Lead Deputy County Counsel

COMPLETE TEXT OF MEASURE G

FULL TEXT BALLOT PROPOSITION OF THE MORGAN HILL UNIFIED SCHOOL DISTRICT BOND MEASURE ELECTION NOVEMBER 6, 2012

The following is the full proposition presented to the voters by the Morgan Hill Unified School District.

"To improve student access to computers and modern technology and provide a quality education, repair or replace leaky roofs, upgrade old plumbing, heating/cooling systems, classrooms and outdated restrooms, upgrade fire safety, maximize energy efficiency, improve handicapped accessibility, and modernize, construct and acquire classrooms, equipment, sites and facilities, shall Morgan Hill Unified School District issue \$198,250,000 in bonds at legal rates, with citizen oversight, annual audits, no funds for administrator salaries and all funds spent on local schools?"

PROJECT LIST

The Board of Education of the Morgan Hill Unified School District evaluated the District's urgent and critical facility needs, including safety issues, enrollment trends, class size reduction, and computer and information technology, in developing the scope of projects to be funded. The District conducted a facilities evaluation to develop this Project List. The Board concluded that if these needs are not addressed now, the problems will only become more pressing and expensive to address. Therefore, in approving this Project List, the Board of Education determines that the District should:

- (i) Invest in science, technology, engineering and math programs and make sure our classrooms and science labs are clean, well-maintained and safe for students;
- (ii) Update learning technology to prepare students for a 21st century education as well as to attract and retain the best qualified teachers and minimize teacher and staff layoffs due to State budget cuts;
- (iii) Replace aging roofs and inefficient heating, plumbing, lighting and electrical systems and other upgrades to improve energy efficiency;
- (iv) Update fire alarm and security systems to ensure our students are safe;
- (v) Retain all bond money to be used in our local community.

The Project List includes the following types of projects
at the following schools:

Barrett Elementary School	P. A. Walsh Elementary School
Burnett Elementary School	Britton Middle School
El Toro Elementary School	Martin Murphy Middle School
Jackson Elementary School	Ann Sobrato High School
Los Paseos Elementary School	Central Continuation High School
Nordstrom Elementary School	Charter School of Morgan Hill
Paradise Valley Elementary School	Live Oak High School
San Martin/Gwinn Elementary School	Machado School

COMPLETE TEXT OF MEASURE G - Continued

Essential School Repairs and Upgrades

Goal and Purpose: To maintain a safe, healthful learning environment for students, schools will benefit from essential repairs and upgrades in our schools, including fixing leaky roofs and windows, replacing old and inefficient heating, cooling and plumbing systems and upgrading fire and seismic safety:

- Repair or replace worn or leaky roofs.
- Repair or replace aging water, sewer and plumbing systems.
- Upgrade electrical service capacity to relieve overloaded electrical systems so that schools can handle modern instructional technology.
- Modernize and upgrade aging school restrooms.
- Replace old windows, heating, ventilation, air conditioning and lighting systems with building code compliant, energy efficient systems which will save money on operating costs.
- Provide improved, up-to-date computers and classroom technology.
- Upgrade, modernize and equip classrooms, science labs, multi-purpose rooms, and educational support spaces.
- Upgrade school facilities to improve accessibility for disabled students and teachers.
- Replace old, portable classrooms and add new classrooms and facilities.

District-Wide Wiring and Instructional Technology For Effective Learning Environment

Goal and Purpose: To upgrade science labs, classroom computers, learning technology and infrastructure so that our students are prepared to excel in the 21st century economy:

- Provide and maintain up-to-date technology, data and communication equipment.
- Upgrade and expand wireless systems, telecommunications, Internet and network connections.
- Upgrade and replace computers, hardware and software systems.
- Upgrade and replace classroom furniture, equipment and instructional aids.
- Replace or upgrade outdated electrical systems.

Health, Safety and Energy Efficiency

Goal and Purpose: Since good, safe and up-to-date schools help protect and improve local property values and reduce maintenance and operating costs returning more money to the classroom, schools and school sites will benefit from a variety of health, safety energy efficiency projects, such as:

- Upgrade fire and earthquake protection systems.
- Remove asbestos, dry rot, lead paint, mold and hazardous materials to ensure schools are safe for students.
- Upgrade schools to improve handicap accessibility.

COMPLETE TEXT OF MEASURE G - Continued

- Repair or replace old and inefficient windows, lighting, irrigation, drainage, sewer, water, gas, heating and ventilation systems which waste money and use the savings to retain teachers and instructional programs..
- Replace/upgrade existing signage, bells and clocks.
- Install/replace/upgrade security fencing.
- Replace/upgrade existing security systems.
- Install new security systems, such as security (surveillance) cameras, outdoor lighting, fencing, gates and classroom door locks.
- Upgrade emergency communication systems to improve student safety.
- Implement energy efficiency upgrades, including solar panels to reduce utility costs.
- Strengthen and repair schools and classrooms vulnerable to serious damage in a major earthquake, as required by State law.

Add Classrooms At Schools To Enhance Educational Programs

Goal and Purpose: To enhance educational programs at some neighborhood schools, expansion of additional earthquake and accessibility code compliant classrooms and facilities, such as:

- New classrooms/classroom buildings.
- Lunch shelters for outdoor activities.
- Accessibility upgrades as mandated by the Division of the State Architect (DSA).
- Additional electrical service capacity to improve computer technology and Internet access.

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the Project List also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the Project List; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovate student and staff restrooms; repair and replace heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replace worn-out and leaky roofs, windows, walls, doors, drinking fountains and trash enclosures; install wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrade or construct support

COMPLETE TEXT OF MEASURE G - Continued

facilities, including administrative, physical education buildings and maintenance/transportation yards; repair and replace fire alarms, emergency communications and security systems; resurface or replace hard courts, asphalt repair, turf and irrigation systems and campus fields and landscaping; expand parking and student drop-off areas; interior and exterior painting and floor and ceiling coverings; demolition; upgrade pools; construct various forms of storage and support spaces, lunch shelters; upgrade classrooms, repair, upgrade and install interior and exterior lighting systems; construct new school facilities and transportation facility, improve playgrounds, athletic fields and play apparatus; replace outdated security fences and security systems. Similar types of repairs and upgrades may be undertaken at the District office and community adult school. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software, including establishing a technology endowment fund. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

FISCAL ACCOUNTABILITY: IN ACCORDANCE WITH EDUCATION CODE SECTION 15272, THE BOARD OF EDUCATION WILL APPOINT A CITIZENS' OVERSIGHT COMMITTEE AND CONDUCT ANNUAL INDEPENDENT AUDITS TO ASSURE THAT FUNDS ARE SPENT ONLY ON DISTRICT PROJECTS AND FOR NO OTHER PURPOSE. THE EXPENDITURE OF BOND MONEY ON THESE PROJECTS IS SUBJECT TO STRINGENT FINANCIAL ACCOUNTABILITY REQUIREMENTS. BY LAW, PERFORMANCE AND FINANCIAL AUDITS WILL BE PERFORMED ANNUALLY, AND

COMPLETE TEXT OF MEASURE G - Continued

ALL BOND EXPENDITURES WILL BE MONITORED BY AN INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE TO ENSURE THAT FUNDS ARE SPENT AS PROMISED AND SPECIFIED. THE CITIZENS' OVERSIGHT COMMITTEE MUST INCLUDE, AMONG OTHERS, REPRESENTATION OF A BONA FIDE TAXPAYERS ASSOCIATION, A BUSINESS ORGANIZATION AND A SENIOR CITIZENS ORGANIZATION. NO DISTRICT EMPLOYEES OR VENDORS ARE ALLOWED TO SERVE ON THE CITIZENS' OVERSIGHT COMMITTEE.

NO ADMINISTRATOR SALARIES: PROCEEDS FROM THE SALE OF THE BONDS AUTHORIZED BY THIS PROPOSITION SHALL BE USED ONLY FOR THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION, OR REPLACEMENT OF SCHOOL FACILITIES, INCLUDING THE FURNISHING AND EQUIPPING OF SCHOOL FACILITIES, AND NOT FOR ANY OTHER PURPOSE, INCLUDING TEACHER AND SCHOOL ADMINISTRATOR SALARIES AND OTHER OPERATING EXPENSES.

**TAX RATE STATEMENT
MORGAN HILL UNIFIED SCHOOL DISTRICT**

An election will be held in the Morgan Hill Unified School District (the "District") on November 6, 2012 to authorize the sale of up to \$198,250,000 in general obligation bonds. The following information is submitted in compliance with Sections 9400-9404 of the California Elections Code.

The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$.0590 per \$100 (\$59.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$.0590 per \$100 (\$59.00 per \$100,000) of assessed valuation in fiscal year 2021-22.

The best estimate of the highest tax rate that would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$.0590 per \$100 (\$59.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

Voters should note that these estimated tax rates are based on the assessed value of taxable property in the District as shown on the official tax rolls of Santa Clara County, not on the property's market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The estimates are based upon the District's projections and are not binding upon the District. The dates of sale and the amount of bonds sold at any given time will be determined by the District based on the need for construction funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the Santa Clara County Assessor in the annual assessment and the equalization process.

Dated: 7/24/2012

/s/ Wesley Smith
Ph. D., Superintendent
Morgan Hill Unified School District

ARGUMENT IN FAVOR OF MEASURE G

Everyone knows the importance and value of having quality schools. From higher achieving students, to training for future jobs, to greater neighborhood safety and improved property values, quality schools do make a difference. While State government continues to cut funding for public education, we need to do more to protect and maintain the quality of education at our local schools. This is why Morgan Hill USD students need your YES vote on Measure G.

Although our schools have been well maintained over the years, aging classrooms and facilities must be upgraded since many do not meet 21st century standards. The average age of our schools is nearly 40 years old.

Measure G would allow the District to improve outdated school facilities and the quality of education provided to local children. By investing in our schools, we can meet today's safety, technological, and educational standards.

Measure G will improve Morgan Hill schools by:

- Improving student access to computers and modern technology
- Repairing/replacing leaky roofs and deteriorating plumbing systems
- Investing in science, technology, engineering, and math programs
- Modernizing outdated classrooms, restrooms, and school facilities
- Updating fire alarm and security systems
- Improving handicapped accessibility

Measure G makes financial sense and protects taxpayers.

- All funds must be spent locally and cannot be taken by the State.
- With energy efficient schools, District can use the money saved on utility costs and put it back in the classrooms.
- By law, spending must be reviewed and annually audited by an independent citizens' oversight committee.
- Funds can only be spent to improve local schools, not for teacher or administrator salaries.

ARGUMENT IN FAVOR OF MEASURE G - Continued

Measure G upgrades and renovates inadequate classrooms, improves the education of local children, and maintains the quality of our community. That's something we can all support. Please join us and VOTE YES ON MEASURE G!

/s/ Dennis Kennedy

Former Mayor, City of Morgan Hill, Retired IBM Manager

/s/ Loritta J. Johnson

Morgan Hill Woman of the Year 2012, 80-year Community Resident

/s/ Ron Woolf

President, Board of Education

/s/ Kirsten F. Carr

Parent, Charter School of Morgan Hill

/s/ Cinda L. Meister

20-year Local Business Owner, BookSmart

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE G

When school boards put bond measures like Measure G before the voters, what are they saying? They are admitting that everything they are spending your tax dollars on now, is more important than the projects for which this tax increase is being sought. Budgets set priorities. Morgan Hill Unified School District is saying every educational dollar spent today is going to something they consider a higher priority than "remediation of hazardous materials" and "upgrades to installation of effective fire alarm systems."

Do you agree?

Education Data Partnership (www.Ed-Data.K12.ca.us) shows the District's enrollment declining from 9,620 students during the 2009-10 school year, to 9,532 during 2010-11. And the number of teachers has declined from 418.6 full-time-equivalent teachers, down to 381.6.

Since both students and teachers are declining, expenses should be down. That should allow more funds from the current budget to be applied to basic maintenance of the schools. In fact, you and I take care of our homes, our condos, and even our apartments out of our yearly budgets. Why can't the Morgan Hill Unified School District do the same?

School bonds are much like mortgages, in that they have to be paid back, in full--plus interest. Lots and lots of interest. Interest payments that don't go to teachers, library books, computers, maintenance, etc.

Is this the best use of your tax dollars?

If you answered "no," please vote NO on Measure G.

You can be for schools, for students, for teachers, and against Measure G.

For more information: www.SVTaxpayers.org/morgan-hill

/s/ John W.S. Roeder

President, Silicon Valley Taxpayers Association

/s/ Edward Leo Wimmers

Chair, Libertarian Party of Santa Clara County

/s/ Mark W.A. Hinkle

District Resident

ARGUMENT AGAINST MEASURE G

When school boards put bond measures like Measure G before the voters, they are admitting that everything they are currently spending your tax dollars on now is more important than the projects for which this tax increase is being sought. Budgets set priorities. Morgan Hill Unified School District is saying every educational dollar spent today is going to something they consider a higher priority than "remediation of hazardous materials" and "upgrades to installation of effective fire alarm....systems."

Do you agree?

The website: www.ed-date.k12.ca.us shows at least 9,620 students in the district, which means the bond expense is \$20,608 per student not counting interest costs and repayment of principal. When you buy a home, truth in lending laws require you be informed about the real cost of buying a home. Shouldn't consumer laws apply to bond issues too? For example:

Borrowing \$198,250,000 and paying 3% interest for 25 years means annual payments of \$11,281,440 in principal and interest for a total lifetime cost of \$282,036,000.

As a consumer, you deserved to know the full truth about measure G.

Instead of paying \$11,281,440 (principal & interest) every year "to meet current safety codes", your educational dollars will be going to big banks, investment brokers, and other wealthy people to be used as a tax shelter. Is this the best use of your tax dollars?

What's more important to you?

1. Spending \$11,281,440 a year on children's safety and health in the schools.
2. Spending \$11,281,440 a year to fund tax shelters for big banks, investment brokers, and the rich.

If you value children's health and safety more than funding tax shelters, vote NO on Measure G.

If you value school maintenance more than making interest payments for 25 years, vote NO on Measure G.

For more information: <http://www.svtaxpayers.org/morgan-hill>

/s/ John W.S. Roeder
President, Silicon Valley Taxpayers Association

/s/ Edward Leo Wimmers
Chair, Libertarian Party of Santa Clara County

/s/ Mark W.A. Hinkle
Board member: Silicon Valley Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST MEASURE G

Measure G funds will go right where they're needed—to improve Morgan Hill USD classrooms and support Morgan Hill USD students.

Don't let our opponents mislead you. They don't have the facts. They don't all even live in our community.

Here are the facts:

- Measure G provides safe, modern classrooms to prepare local students for college and today's careers
- Measure G is locally-controlled. Every dollar stays right here, benefitting local schools, local children, and local property values
- No other source of funding exists to repair our schools
- Measure G improves efficiency and eliminates costly repairs, saving scarce resources to support teachers and classroom programs.

To protect excellent local schools and ensure students have safe and up-to-date classrooms, vote YES on G.

The State has stripped essential funding from local schools: \$15.7 million since 2008, including \$1.2 million so far this year. Our schools do an outstanding job despite shrinking budgets, but aging fire alarm systems must be updated, outdated science labs and libraries must be modernized, and classrooms require 21st Century instructional technology to provide Morgan Hill USD students modern skills.

Measure G is the only solution for our schools. The longer we wait, the more expensive these improvements will become.

Measure G protects quality education in local schools. Strict accountability provisions guarantee all funds will be spent only on voter-approved projects. Every dollar will stay in local schools and can't be taken by State government.

Our students deserve a quality education. Join us—vote YES on G.

/s/ Ron Woolf
President, Board of Education

/s/ Kirsten F. Carr
Parent, Charter School of Morgan Hill

/s/ Cinda L. Meister
20-year Local Business Owner, BookSmart

/s/ Loritta J. Johnson
Morgan Hill Woman of the Year 2012, 80-year Community Resident

/s/ Dennis Kennedy
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