

MEASURE E

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE E

Upon approval of 55% of the votes cast by voters in an election and subject to specified accountability measures, 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 Trustees (Board) of Los Gatos-Saratoga Joint Union High School District (District) proposes issuing bonds in the amount of up to \$99,000,000. As identified in the measure, bond proceeds would be used to, including, but not limited to, (1) make essential safety repairs; (2) fix or replace leaky and aging roofs; (3) keep schools clean and well-maintained; (4) update science labs, classrooms and technology; (5) prevent classroom overcrowding; (6) renovate, construct and acquire classrooms, sites, equipment and facilities. A detailed list of projects and allowed expenditures is included within the full text of the measure.

The California Constitution provides that proceeds of school district bond measures cannot be used for teacher and administrator salaries and other school operating expenses. The District would conduct annual performance and financial audits, and appoint an independent citizens' oversight committee to ensure bond proceeds are expended only for the school facilities on the bond project list included in Measure E. At a minimum, the members of the citizens' oversight committee will include a representative of a bona fide taxpayers' association, a business organization and a senior citizens organization. No District vendors or employees are allowed to serve on the committee.

The District's best, and highest, estimate of the tax rate to be levied to fund the proposed bonds during each fiscal year is \$18.00 per \$100,000 of assessed value. This includes the fiscal year after the initial sale of the bonds (expected to occur in 2015-2016), and the fiscal year after the final sale of the bonds (expected to occur in 2020-2021).

Measure E was placed on the ballot by the Board.

A "yes" vote is a vote to authorize the issuance and sale of the bonds in the amount of up to \$99,000,000 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 up to \$99,000,000 to be secured by the levy of ad valorem taxes on property located within the District.

Orry P. Korb
County Counsel

By: /s/ Susan Swain
Lead Deputy County Counsel

COMPLETE TEXT OF MEASURE E

"To upgrade local schools with funding that cannot be taken by the State, shall Los Gatos-Saratoga Joint Union High School District make essential safety repairs, fix or replace leaky and aging roofs, keep schools clean and well-maintained, update science labs, classrooms and technology, prevent classroom overcrowding, renovate, construct, acquire classrooms, sites, equipment, facilities, by issuing \$99 million in bonds, at legal rates, with citizen oversight, annual independent audits, qualify for State matching funds, and no funds for administrator salaries?"

PROJECT LIST

The Board of Trustees of the Los Gatos-Saratoga Joint Union High School District is committed to safe clean and well-maintained schools with upgraded classrooms, science labs and classroom technology to keep pace with 21st century learning standards. To that end, the Board evaluated the District's urgent and critical facility needs, including safety issues, class size reduction and overcrowding, computer and information technology, enrollment trends and prepared a 2013 Preliminary Master Plan, the Executive Summary of which was presented to the Board on February 4, 2014 and a Technology Plan, presented to the Board on January 14, 2014 (together, the "Master Plans") which are incorporated herein in their entirety, in developing the scope of projects to be funded in a fiscally responsible manner. The District conducted a facilities evaluation and received public input through school site meetings, community presentations and interactive materials. Teachers, staff, parents, community members and the Board have prioritized the key health and safety needs so that the most critical facility needs are addressed. 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 Trustees determines that the District:**

(i) **Must make ESSENTIAL SAFETY REPAIRS to classrooms, labs and other school facilities;**

(ii) **Must keep schools SAFE, clean and well-maintained;**

(iii) **Must fix leaky and aging roofs;**

(iv) **Must update classrooms, science labs and educational technology for 21st Century learning;**

(v) **Must prevent classroom overcrowding by adding classrooms to accommodate growing student enrollment;**

(vi) **Must adhere to specific FISCAL ACCOUNTABILITY safeguards such as:**

- (a) The State must be prohibited from taking any of the funds raised,
- (b) All expenditures must be subject to annual INDEPENDENT FINANCIAL AUDITS,
- (c) No funds can be used for administrators' salaries and pensions,
- (d) All funds must be subject to local control,
- (e) An independent Citizens' Oversight Committee must be appointed to ensure that all funds are spent only as authorized.

COMPLETE TEXT OF MEASURE E - Continued

Essential School Renovation, Repair and Upgrade Projects

Goals and Purposes: Since good, safe and up-to-date schools help protect and improve local property values and since some classrooms and facilities in the District have not been updated for 21st Century learning, schools and school sites will benefit from a variety of basic repair projects, such as:

- **Fix or replace leaky and aging roofs.**
- Replace old heating, cooling, plumbing, and electrical systems.
- **Make essential safety repairs.**
- Update fire safety systems, including fire safety doors, smoke alarms, and detectors.
- Improve school access areas for students and teachers with disabilities.
- **Update science labs.**
- Upgrade campus security, including lighting, fencing, gates, classroom door locks and alarms.
- **Add classrooms to prevent overcrowding.**
- Replace aging, outdated portables with modern classrooms that meet 21st century health, safety and academic standards.
- Keep schools clean and well-maintained.
- Maximize energy efficiency and water conservation to save money.

District-Wide Instructional Technology, Academic Programs and Vocational Training Projects To Prepare Students for the 21st Century Careers

Goals and Purposes: To ensure all students have access to up-to-date classrooms with updated classroom technology to allow our teachers and students to use current teaching methods and enhance instruction in core academic subjects like math, science and English and permit students to attend top colleges and compete for 21st Century careers:

- Provide and maintain up-to-date technology, data and communication equipment.
- **Upgrade instructional technology in the classroom for improved student learning.**
- Upgrade and expand wireless systems, telecommunications, Internet and network connections.
- Establish a classroom technology fund to keep our technology up-to-date and ensure local schools keep pace with advancing technology.
- **Update science lab technology.**

COMPLETE TEXT OF MEASURE E - Continued

The listed projects set forth above and in the Master Plan will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program management, staff training expenses and a customary contingency, and escalation for unforeseen design and construction costs. In addition to the listed projects stated above as well as in the Master Plan, the Project List also includes the payment of the costs of preparation of all facility planning, facility assessment reviews, environmental studies, construction documentation, inspection and permit fees, and temporary housing of dislocated District activities caused by bond projects. The upgrading of technology infrastructure includes, but is not limited to, computers, projectors, portable interface devices, servers, switches, routers, modules, interactive white boards, hand held devices, sound projection systems, printers, document projectors, upgrade voice-over-IP, phone systems, call manager and network security/firewall, and other miscellaneous equipment. The repair of school facilities includes the construction, upgrading or replacing of school site parking, classrooms, multipurpose rooms, cafeterias, aging portable classrooms, campus accessibility, utilities, and grounds, physical education equipment and fields, hard court surfaces, shade structures for student assembly and protecting students from inclement weather during lunch, libraries, District support facilities; enhance signage; install fire sensors; replace damaged and unsafe gym bleachers and stadium stands, upgrade tennis courts; construct science labs, music and staff support rooms and restrooms; upgrade electrical wiring; athletic and play fields turf may be upgraded for safety and operational efficiency; solar power and water recycling and energy management systems; constructing new facilities and classrooms; renovate and paint interior and exterior building surfaces to extend their useful life; physical education facilities improvements, replace track and field; install sport field and tennis court lighting; acquire and install security, safety and communication systems and equipment; window and floor coverings (including tiles and carpeting), kitchen equipment, and upgrade irrigation systems and fitness center; relocate maintenance facility; make improvements and acquire furnishings and/or other electronic equipment and systems. The Project List also includes the refinancing of any outstanding lease obligations, or the bridge loans taken to initiate voter approved projects. The allocation of bond proceeds may 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 may 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. The final cost of each project will be determined as plans are finalized, construction bids 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 enhanced and operationally efficient campuses. Necessary site preparation/restoration and landscaping, 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, redirecting fire access, and acquiring any necessary easements, licenses, or rights of way to the property.

COMPLETE TEXT OF MEASURE E - Continued

Bond proceeds shall be expended only for the specific purposes identified herein. 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 the bond projects. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code Section 53410.

FISCAL ACCOUNTABILITY: IN ACCORDANCE WITH EDUCATION CODE SECTION 15272, THE BOARD OF TRUSTEES 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 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

An election will be held in the Los Gatos-Saratoga Union High School District (the "District") on June 3, 2014, to authorize the sale of up to \$99,000,000 in bonds of the District to finance school facilities as described in the measure. If the bonds are approved, the District plans to issue the bonds in a number of series over a period of time. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the District. The information presented in numbered paragraphs 1-3 below is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California.

1. The best estimate of the tax which would be required to be levied 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 0.018 cents per \$100 (\$18.00 per \$100,000) of assessed valuation in fiscal year 2015-16.
2. The best estimate of the tax rate which would be required to be levied 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 0.018 cents per \$100 (\$18.00 per \$100,000) of assessed valuation in fiscal year 2020-21.
3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimate assessed valuations available at the time of filing of this statement, is 0.018 cents per \$100 (\$18.00 per \$100,000) of assessed valuation in fiscal year 2021-22.

The District's best estimate of the average tax rate which would be required to be levied to fund this bond issue over all of the years the bonds will be outstanding is 0.018 cents per \$100 (\$18.00 per \$100,000) of assessed valuation.

The tax rate estimates in this statement reflect the District's current projection of future assessed values and of future debt service payments, which are based on certain assumptions. Approval of the ballot measure authorizes the issuance of bonds under certain conditions and for certain purposes, and is not approval of a specific tax rate or a specific plan of bond issuance. 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 and repayment structure of bonds sold, market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount and repayment structure of bonds sold at any given time will be determined by the District based on its need for construction funds, its intention to meet the tax rate targets stated above, the legal limitations on bonds approved by a 55% vote 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 County Assessor in the annual assessment and the equalization process.

TAX RATE STATEMENT - Continued

Voters should note that the estimated tax rates are based on the *ASSESSED VALUE* of taxable property in the District as shown on the County's official tax rolls, not on the property's market value. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Dated: February 26, 2014

/s/ Robert Mistele
Superintendent
Los Gatos-Saratoga Union High School District

ARGUMENT IN FAVOR OF MEASURE E

Vote YES on Measure E to repair and update Saratoga and Los Gatos high schools to continue strong student achievement in our neighborhoods.

Los Gatos and Saratoga high schools are sources of community pride, providing students in Los Gatos, Saratoga, Monte Sereno and portions of the Santa Cruz mountains with an exceptional education. With a strong foundation in science, math and English, 99% of our graduates attend college and compete for 21st-century careers.

Our outstanding high schools draw families to our neighborhoods, helping protect all our property values.

While our high schools' exteriors look attractive and sound, our classrooms, labs and educational facilities need essential safety repairs and upgrades. Our schools require repairs to leaking roofs, outdated safety and security systems, and old heating, cooling, plumbing and electrical systems.

As student enrollment grows, our high schools are in need of additional classrooms and facilities to avoid school overcrowding. To support high quality education for all students, we must update instructional technology and science labs.

All Measure E funds will directly benefit Los Gatos and Saratoga high schools—the state cannot take a single penny.

Measure E will:

- Make essential repairs to classrooms, labs and other school facilities to keep schools safe, clean and well-maintained
- Fix leaky and aging roofs
- Update classrooms, science labs and educational technology for 21st-century learning
- Provide additional classrooms and school facilities to reduce overcrowding

Measure E ensures fiscal accountability:

- All funds go directly to our local high schools and cannot be taken by the state
- Measure E will qualify our schools for future state matching funds
- Citizen oversight and annual audits are required

Your Yes vote will keep Los Gatos and Saratoga high schools among the best in California, ensuring our students are prepared for success.

ARGUMENT IN FAVOR OF MEASURE E - Continued

Please join community and business leaders, retirees, parents, and teachers—vote Yes on E.

/s/ Toni Ditzler

President, Los Gatos High School Home and School Club

/s/ Jennie Lau

Vice President, Saratoga High Parent Teacher Student Organization,
Co-President, Saratoga Music Boosters

/s/ David Wilde

Budget Advisory Committee Member, Los Gatos-Saratoga Union
High School District

/s/ Bill Cooper

5th generation Saratoga Resident, Cooper-Garrod Vineyard

/s/ Varun Sivaram

2007 Saratoga High Valedictorian, Rhodes Scholar

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE E

When school boards ask voters to go into debt with bond measures like Measure E, what are they saying? They want to borrow money, in part, to pay for the following:

1. **Keep schools "clean and well maintained"**
2. **Provide updated classroom technology**
3. **Fixing "leaky roofs"**
4. **Update "smoke alarms"**

If you want your house cleaned, do you take out a 25 year loan to hire a cleaning service?

No? But, that's what the School District is asking you to approve.

If you want to buy a laptop computer, do you take out a 25 year loan to pay for it?

No? But, that's what the School District is asking you to approve.

If your roof needs a leak fixed, do you take out a 25 year loan to pay for it?

No? But, that's what the School District is asking you to approve.

If you wanted to update your smoke alarm, do you take out a 25 year loan to buy a \$49.95 smoke detector?

No? But, that's what the School District is asking you to approve.

No sane person would do such things. And at a cost that could exceed \$30,500 per student — NOT counting interest expense.

This is irresponsible behavior. Don't reward bad behavior! Vote NO on Measure E.

Is this the best use of \$99,000,000 plus interest of your money?

Let's teach the School Board to be more responsible by voting NO on Measure E.

For more information, visit www.SVTaxpayers.org/2014-06-los-gatos-saratoga-joint-uhsd-bond.

/s/ Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

/s/ Edward Leo Wimmers

Chair, Libertarian Party of Santa Clara County

ARGUMENT AGAINST MEASURE E

When school boards ask voters for permission to go into debt with bond measures like Measure E, what are they saying? They are admitting that everything they are spending your tax dollars on, **now**, is more important than the projects in this ballot measure.

Budgets reflect priorities. Los Gatos-Saratoga Joint Union High School District is saying **every educational dollar spent today is going to something they consider a higher priority than "fixing leaky roofs" and "keeping schools clean and well-maintained."**

Do you agree?

Education Data Partnership (www.Ed-Data.K12.ca.us) shows at least at least 3,232 students in the district, which means the bond cost could **exceed \$30,500 per student** -- NOT counting interest expense. When you buy a home, truth in lending laws require that you be told the real cost of buying that home. For example:

Borrow **\$990,000**; pay 3% interest for 25 years: payments are **\$56,328/year** in principal and interest, for a lifetime cost of **\$1,408,200**.

Shouldn't consumer protection laws apply to bond issues, too? As taxpayers, we deserve to know the full truth about Measure E. We don't even know when this debt will begin, let alone what the market interest rate will be, when it does.

Which is more important to you?

1. **Paying for essential safety repairs now**, by using our educational dollars **already in the schools' budgets**.
2. Sending **new tax dollars** -- in the form of principal and interest payments -- **to big banks, investment brokers**, and other wealthy people, for use in tax shelters.

Is #2 really the best use of our taxes?

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

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

For more information, visit www.SVTaxpayers.org/2014-06-los-gatos-saratoga-joint-uhsd-bond.

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

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

REBUTTAL TO ARGUMENT AGAINST MEASURE E

The authors of the argument against Measure E oppose **every** school measure in Santa Clara County. It's a shame that rigid ideologues, who don't live in our community, are misleading voters to the detriment of local high students. As usual, their arguments distort the truth.

If they lived in our community, the two opponents would know that our neighborhoods are unique and desirable—with strong property values—because our high schools are top in the state.

We know the facts. We're voting YES on E.

- No other source of funding exists to complete the repairs and upgrades our high schools require.
- Because Los Gatos and Saratoga high schools prioritize strong academic programs, college preparatory classes and excellent classroom instruction, student achievement is top in the state.
- Measure E funds can only be used for school repairs and upgrades. No funds can be used for administrators' salaries.
- Measure E will:
 - Make essential school safety repairs
 - Fix leaky and aging roofs
 - Update classrooms, science labs and educational technology for 21st-century learning
 - Reduce school overcrowding

Independent citizen oversight and annual audits ensure every penny is used for critical repair and upgrade projects in our high schools, ensuring promises are kept.

All Measure E funds will be controlled locally, stay in our schools and cannot be taken by the state.

Join us: Vote Yes on E. Protect academic excellence in our high schools.

/s/ Greg Finley
CPA

/s/ Scott C. Mosher
Treasurer, LGHS New Millennium Foundation

/s/ Shinku Sharma
Community Volunteer

/s/ Joanne Benjamin
Former Los Gatos Mayor

/s/ Mark Von Kaenel
Los Gatos Realtor