

MEASURE E

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE E

Upon approval of 55 percent 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 Education (Board) of the Gilroy Unified School District (District) proposes issuing and selling bonds in the amount of up to \$170,000,000. As identified in the measure, bond proceeds would be used for purposes including, but not limited to: (1) renovating or replacing roofs, plumbing, gas, sewer, and drainage systems; (2) making health, safety, and security improvements; (3) upgrading electrical systems; (4) improving student access to modern technology and upgrading technology infrastructure; (5) replacing portable buildings; and (6) constructing a new elementary school. A detailed list of projects and allowed expenditures is included within the full text of the measure. The District's resolution authorizing the sale and issuance of bonds does not include information about any other District debt obligations that may exist.

The California Constitution provides that proceeds of school district bond measures cannot be used for teacher and administrator salaries and other school operating expenses, and requires independent annual performance and financial audits. State law requires the establishment of an independent citizens' oversight committee for ensuring that bond proceeds are expended only for the school facilities on the bond project list included in the Measure.

The District's stated estimate of the highest tax rate to be levied to fund the proposed bonds based on available estimated assessed valuations is \$60.00 per \$100,000 of assessed value in fiscal year 2016-17.

California law sets a statutory bonding limit of 2.50 percent of the total assessed valuation of taxable property in the District. In the event that issuance of the bonds pursuant to this Measure requires the District to exceed the statutory limit, the Measure contains a provision authorizing the District to seek a waiver of this limit. The Measure states that no such waiver has yet been sought or granted.

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 \$170,000,000 to be secured by the levy of *ad valorem* taxes on property located within the District.

A "no" vote is a vote to not authorize the issuance and sale of the bonds in the amount of up to \$170,000,000 to be secured by the levy of *ad valorem* taxes on property located within the District.

Orry P. Korb
County Counsel

By: /s/ Danielle L. Goldstein
Deputy County Counsel

COMPLETE TEXT OF MEASURE E

GILROY UNIFIED SCHOOL DISTRICT SCHOOL UPGRADE, RENOVATION AND IMPROVEMENT MEASURE

This Proposition may be known and referred to as the "Gilroy Unified School District School Upgrade, Renovation and Improvement Measure" or as "Measure E".

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Gilroy Unified School District (the "District") shall be authorized to issue and sell bonds of up to \$170,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed under the heading entitled "BOND PROJECT LIST" below (the "Bond Project List"), subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Sections 15264 and following of the California Education Code (the "Education Code")).

Evaluation of Needs. The Board of Education of the District (the "Board") has prepared an updated master facilities plan and needs assessment in order to evaluate and address all of the facilities needs of the District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitations on Use of Bonds. Proceeds from the sale of bonds authorized by this proposition shall be used only for the 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, including, to the extent permitted by law, the acquisition or lease of real property in connection with an existing or future financing of the specific school facilities projects listed in the Bond Project List, including the prepayment of existing or future interim lease, certificate of participation or lease revenue bond financings, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Independent Citizens' Oversight Committee. The Board shall establish an independent citizens' oversight committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board. In accordance with Section 15282 of the Education Code, the citizens' oversight committee shall consist of at least seven members and

COMPLETE TEXT OF MEASURE E-Continued

shall include a member active in a business organization representing the business community located within the District, a member active in a senior citizens' organization, a member active in a bona fide taxpayers' organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization. No employee or official of the District and no vendor, contractor or consultant of the District shall be appointed to the citizens' oversight committee.

Annual Performance Audits. The Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for performance audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Annual Financial Audits. The Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for financial audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board no later than January 1 of each year, commencing January 1, 2017, stating (a) the amount of bond proceeds received and expended in that year, and (b) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent of the District shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

FURTHER SPECIFICATIONS

Joint-Use Projects. The District may enter into agreements with other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board shall determine.

COMPLETE TEXT OF MEASURE E-Continued

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and all the enumerated purposes shall constitute the specific single purpose of the bonds, and proceeds of the bonds shall be spent only for such purpose, pursuant to California Government Code Section 53410.

Bonds may be Issued in Excess of Statutory Bonding Limit. Issuance of all of the authorized bonds might require the outstanding debt of the District to exceed its statutory bonding limit of 2.50% of the total assessed valuation of taxable property in the District. In that event, the District intends to seek a waiver of its bonding limit from the State Board of Education, which has the power to waive certain requirements of the Education Code applicable to the District. By approval of this proposition, the voters have authorized the District to seek such a waiver, and to issue authorized bonds in excess of the 2.50% limit as the State Board of Education may approve. No such waiver has yet been sought or granted.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest shall be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than the statutory maximum number of years from the date borne by that bond.

BOND PROJECT LIST

The Bond Project List below lists the specific projects the District proposes to finance with proceeds of the bonds. The Bond Project List shall be considered a part of the bond proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition. Listed projects will be completed as needed at a particular school or facility site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. Each project is assumed to include its share of costs of the election and bond issuance, construction-related costs, such as project and construction management, architectural, engineering, inspection and similar planning and testing costs, demolition and interim housing costs, legal, accounting and similar fees, costs related to the independent annual financial and performance audits, a contingency for unforeseen design and construction costs, and other costs incidental to and necessary for completion of the listed projects (whether the related work is performed by the District or third parties). The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources have not yet been secured. Therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Alternatively, if the District obtains unexpected funds from non-bond sources with respect to listed projects, such projects may be enhanced, supplemented or expanded to the extent of such funds. Some projects may be subject to further government approvals, including by State officials and boards and/or local environmental or agency approval. Inclusion of a project on the Bond Project List is not a guarantee that the project will be completed.

The specific projects authorized to be financed with proceeds of the bonds under this proposition are as follows:

COMPLETE TEXT OF MEASURE E-Continued

ELEMENTARY SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS

Antonio del Buono Elementary School
(First Built 2000)

El Roble Elementary School
(First Built 1960)

Eliot Elementary
(First Built 2005)

Gilroy Prep Charter School
(First Built 2008)

Glen View Elementary School
(First Built 1953)

Las Animas Elementary School
(First Built 2002)

Luigi Aprea Elementary School
(First Built 2002)

New Elementary School
(Construction Date to be Determined)

Rod Kelley Elementary School
(First Built 1987)

Rucker Elementary School
(First Built 1962)

The following renovation, construction and upgrade projects are authorized to be financed at the District's elementary schools.

- **Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.**
- **Replace or renovate roofs.**
- **Make health, safety and security improvements** by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).
- **Upgrade electrical systems** including wiring and related infrastructure for modern technology.
- **Improve student access to computers and modern technology and upgrade technology infrastructure** by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies),

COMPLETE TEXT OF MEASURE E-Continued

etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.

- **Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.**
- **Update/modernize science labs and vocational education classrooms**, including modernizing, renovating, rehabilitating, re-configuring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.
- **Improve student safety at drop-off and pick-up areas**, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- **Replace or provide heating, ventilation and air-conditioning systems.**
- **Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities**, including library, media/technology centers, performing and visual arts, dance, band/orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- **Renovate, repair, replace, upgrade, expand and/or install and improve fencing.**
- **Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.**
- **Renovate, improve and upgrade playfields and play surfaces for school and community use, and related infrastructure.**
- **Construct a new elementary school and related facilities**, including: (i) acquisition of land and any rights-of-way and easements made necessary by construction of such facilities; (ii) planning, designing, and constructing the school and related facilities, including costs related to construction services, architectural design, engineering, site inspection and testing services and plan review fees; (iii) associated onsite and offsite development, demolition of existing structures, and other improvements made necessary for construction of such facilities; construction of such school and related facilities and grounds, including necessary supporting infrastructure; and acquisition and installation of furnishings and equipment related to the constructed facilities.

COMPLETE TEXT OF MEASURE E-Continued

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

MIDDLE SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS

Ascencion Solarsano Middle School
(First Built 2005)

Brownell Middle School
(First Built 1949)

South Valley Middle School
(First Built 1956)

The following renovation, construction and upgrade projects are authorized to be financed at the District's middle schools.

- **Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.**
- **Replace or renovate roofs.**
- **Make health, safety and security improvements** by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).
- **Upgrade electrical systems** including wiring and related infrastructure for modern technology.
- **Improve student access to computers and modern technology and upgrade technology infrastructure** by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- **Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.**
- **Update/modernize science labs and vocational education classrooms**, including modernizing, renovating, rehabilitating, reconfiguring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.

COMPLETE TEXT OF MEASURE E-Continued

- **Improve student safety at drop-off and pick-up areas**, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- **Replace or provide heating, ventilation and air-conditioning systems.**
- **Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities**, including library, media/technology centers, performing and visual arts, dance, band/orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- **Renovate, repair, replace, upgrade, expand and/or install and improve fencing.**
- **Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.**
- **Renovate, improve and upgrade playfields and play surfaces for school and community use, and related infrastructure.**

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

HIGH SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS

Christopher High School
(First Built 2009)

Dr. T.J. Owens Gilroy Early College Academy
(First Built 2006)

Gilroy High School
(First Built 1978)

Mt. Madonna Continuation High School
(First Built 1996)

The following renovation, construction and upgrade projects are authorized to be financed at the District's high schools.

- **Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.**
- **Replace or renovate roofs.**
- **Make health, safety and security improvements** by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems,

COMPLETE TEXT OF MEASURE E-Continued

networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).

- **Upgrade electrical systems** including wiring and related infrastructure for modern technology.
- **Improve student access to computers and modern technology and upgrade technology infrastructure** by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- **Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.**
- **Update/modernize science labs and vocational education classrooms**, including modernizing, renovating, rehabilitating, re-configuring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.
- **Improve student safety at drop-off and pick-up areas**, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- **Replace or provide heating, ventilation and air-conditioning systems.**
- **Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities**, including library, media/technology centers, performing and visual arts, dance, band/orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- **Renovate, repair, replace, upgrade, expand and/or install and improve fencing.**
- **Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.**

COMPLETE TEXT OF MEASURE E-Continued

- **Renovate, improve and upgrade athletic facilities, fields, turf and tracks for school and community use, and related infrastructure.**

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

OTHER GUSD FACILITIES

Maintenance Yard
Transportation Yard
District Office

The following renovation, construction and upgrade projects are authorized to be financed at the District's other facilities.

- **Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.**
- **Replace or renovate roofs.**
- **Make health, safety and security improvements** by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls.
- **Upgrade electrical systems** including wiring and related infrastructure for modern technology.
- **Upgrade technology infrastructure** by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- **Reconfigure, renovate, repair, resurface, improve and/or expand roads, sidewalks**, storage facilities, parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- **Replace or provide heating, ventilation and air-conditioning systems.**
- **Upgrade, renovate, expand, and modernize office/staff/administration support facilities** including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.

COMPLETE TEXT OF MEASURE E-Continued

- **Renovate, repair, replace, upgrade, expand and/or install and improve fencing.**
- **Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.**

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

MISCELLANEOUS

All listed bond projects include the following as needed:

- Planning, designing and providing temporary housing necessary for listed bond projects.
- The inspection, sampling and analysis of grounds, buildings and building materials to determine the presence of hazardous materials or substances, including asbestos, lead, etc., and the encapsulation, removal, disposal and other remediation or control of such hazardous materials and substances.
- Improve, correct, restore or renovate grounds, buildings and structures or portions thereof to eliminate or mitigate health and safety risks to students, faculty, staff, parents and the public or comply with local, state and federal building, health, safety, access and other related requirements, including seismic safety requirements, Field Act requirements and access requirements of the Americans with Disabilities Act (ADA).
- Necessary onsite and offsite preparation or restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable buildings, including demolition of structures; removing, replacing, or installing irrigation, drainage, utility lines (gas, water, sewer, electrical, data and voice, etc.), trees and landscaping; relocating fire access roads; and acquiring any necessary easements, licenses, land or rights of way made necessary by listed bond projects.
- Address other unforeseen conditions revealed by construction, renovation or modernization (including plumbing or gas line breaks, dry rot, seismic and structural deficiencies, etc.).
- Demolition of existing facilities and reconstruction of facilities scheduled for modernization, if the Board of Education of the District determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses.
- Acquire or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- Furnishing and equipping of classrooms and other school facilities; furnishing and equipping shall include initial purchases, and scheduled and necessary replacements, upgrades and updating of technology.

COMPLETE TEXT OF MEASURE E-Continued

- All other costs and work necessary and incidental to the listed bond projects.
- Acquisition of all or a portion of any school site or facility, or an interest therein, or make lease payments with respect to any school site or facility, encumbered in order to finance or refinance listed bond projects or other prior capital improvement projects pursuant to a lease, certificate of participation or lease revenue bond financing.

TAX RATE STATEMENT

An election will be held in the Gilroy Unified School District (the "District") on June 7, 2016, to authorize the sale of up to \$170,000,000 in bonds of the District to finance school facilities as described in the proposition. If the bonds are approved, the District expects to issue the Bonds in multiple series over 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 following information is provided in compliance with Sections 9400 through 9404 of the California Elections Code.

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 6.0 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2016-17.
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 6.0 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2024-25.
3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is 6.0 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2016-17.
4. The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all of the bonds are issued and sold is \$355,000,000.

Voters should note that estimated tax rates are based on the *ASSESSED VALUE* of taxable property on the County's official tax rolls, *not* on the property's market value, which could be more or less than the assessed 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. Certain taxpayers may also be eligible to postpone payment of taxes. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which is not binding upon the District. The actual tax rates and the years in which they will apply, and the actual total debt service, 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 dates of sale and the amount of bonds sold at any given time will be determined by the District based on need for construction funds and other factors, including the legal limitations on bonds approved by a 55% affirmative vote. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual

TAX RATE STATEMENT-Continued

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.

Dated: March 3, 2016.

/s/ Deborah A. Flores
Superintendent of Schools
Gilroy Unified School District

ARGUMENT IN FAVOR OF MEASURE E

Excellent schools are critically important to the quality of life in every community. From higher student achievement, to training for future jobs, to increased home values and greater neighborhood safety, quality schools make a difference for all of Gilroy. Our teachers and staff are deeply committed to educating local children, but many classrooms and facilities in the Gilroy Unified School District are aging rapidly and inadequate to support evolving instructional and student needs.

Our students need your Yes vote on Measure E. While our schools have been well maintained over the years, many classrooms and facilities are outdated. The average age of our schools is 30 years, with five campuses built over 50 years ago. Furthermore, student enrollment has increased by over 1,700 students in 10 years, and we are projected to continue growing.

A YES vote on Measure E would allow the District to support the high quality of education provided to local children by ensuring all students have access to modern, functional facilities. Improved schools will help the District meet today's safety, technological and educational standards.

Measure E will improve Gilroy schools by:

- Improving student access to modern technology
- Repairing leaky roofs
- Constructing a new elementary school to reduce overcrowding
- Renovating deteriorating plumbing and sewer systems
- Making health, safety and security improvements

Measure E makes financial sense and protects taxpayers.

- All funds must be spent locally and cannot be taken by the State
- By law, expenditures must be reviewed/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 E-Continued

Measure E upgrades and renovates old classrooms, enhances the education of local children and maintains the quality of our community, something we can all support! Please join us and VOTE YES ON MEASURE E!

/s/ Fred M. Tovar
Board President

/s/ Denise J. Turner

/s/ Jaime Rosso
Businessman/School Board Trustee

/s/ Connie Rogers
Community Advocate

/s/ Alvaro Meza
GUSD Parent

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE E

In 2008, Gilroy Unified School District voters approved a \$150,000,000 bond measure, meant to "improve classrooms, libraries, and infrastructure." Just 8 years ago.

In 2002, voters approved another \$69,000,000 bond, meant to "renovate, upgrade, and construct schools in 2002." Just 14 years ago.

Were the construction projects funded by that \$219,000,000 so shoddy that it all has to be done over again?

If so, why should we trust the proponents, this time around, to get it right?

Answer: We shouldn't.

If you wanted a personal computer for your home or business, would you take out a 30-year loan at an unknown interest rate to pay for it?

Ridiculous, right? Especially because most technology will be obsolete in 3–5 years. But, decades of debt are what Measure E's proponents want to saddle us with, with this bond.

If we assume a 3% rate, that's \$5,100,000 per year, just in interest.

Over 30 years, that adds up to \$153,000,000 in interest, plus the original bond amount of \$170,000,000, for a total cost of \$323,000,000.

What makes schools great? Great teachers—not fancy classrooms or the trendiest computer technology.

By the time we pay off this loan, the technology it funded will be long obsolete—in a museum if it's lucky, but more likely rotting in a landfill.

If you support children, teachers, and education, but oppose decades of debt, just say NO to Measure E.

For more information, please see:
www.SVTaxpayers.org/2016-gilroy-unified-bond-measure

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

ARGUMENT AGAINST MEASURE E

In 2008, Gilroy Unified School District voters approved a \$150,000,000 bond measure, meant to "improve classrooms, libraries, and infrastructure". Just 8 years ago.

In 2002, voters approved another \$69,000,000 bond, meant to "renovate, upgrade, and construct schools in 2002. Just 14 years ago.

Were the construction projects funded by that \$219,000,000 so shoddy that it all has to be done over again?

If so, why should we trust the proponents, this time around, to get it right?

Answer: We shouldn't.

If you wanted a personal computer for your home or business, would you take out a 30-year loan at an unknown interest rate to pay for it?

That would be nuts, right? Especially because most technology is obsolete in 3–5 years. But, decades of debt are what Measure E's proponents want to push on us, with this bond.

Bond interest rates can legally be as high as 12% per year.

Would you go buy a house or condominium without knowing your interest rate? That would be nuts, right?

But the proponents of Measure E want us to accept that uncertainty, that risk.

And because bond measures are like mortgages—they have to be paid back with interest—what is the real cost of this \$170,000,000 bond?

If we assume a 3% rate, that's \$5,100,000 per year, just in interest.

Over 30 years, that adds up to \$153,000,000 in interest, plus the original bond amount of \$170,000,000, for a total cost of \$323,000,000.

What makes schools great? Great teachers! Not fancy classrooms or the trendiest computer technology.

By the time this bond is paid off, the technology it funded will be long obsolete, probably rotting in some landfill dump.

Just say NO to more debt. Vote NO on Measure E.

For more information, please see:

www.SVTaxpayers.org/2016-gilroy-unified-bond-measure

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

REBUTTAL TO ARGUMENT AGAINST MEASURE E

Measure E funds will go directly where they are needed—to improve Gilroy schools and classrooms and to support Gilroy students.

Do not let the solitary opponent mislead you with their argument against Measure E. This organization does not have the facts, does not represent our community and submits a nearly identical argument against every school district in the County.

The facts:

- As a district, Gilroy Unified School District has been a great steward of local bond dollars over the last 14 years. Each year, the local independent citizen's oversight committee responsible for overseeing bond expenditures has reported on May 2015. Annual required bond audits have been perfect with no findings.
- Measure E funds will pay for critical improvements at our oldest schools, some of which are 50 to 60 years old. These improvements eliminate costly repairs, saving scarce resources to support teachers and classroom programs.
- Measure E will provide safe, modern classrooms local students need to properly prepare for college and today's careers.
- Interest rates are near historic lows, ideal for the district and taxpayers.
- No other source of funding exists to renovate our schools.

To protect excellent local schools and ensure students have safe and up-to-date classrooms, vote YES on E. Measure E is the only solution for our schools. The longer we wait, the more expensive these improvements will become.

Funds are locally-controlled and every dollar stays right here in Gilroy, benefitting our schools and students

Our students deserve an outstanding education. Join us—vote YES on E.

/s/ Don Christopher
Business Owner & Resident

/s/ Deborah A. Flores

/s/ Linda Piceno

/s/ James E. Pace