

MEASURE H

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE H

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 Franklin-McKinley School District (District) proposes issuing bonds in the amount of \$67,400,000. As identified in the Measure, bond proceeds would be used for purposes including, but not limited to: (1) modernizing, replacing, or constructing classrooms, science labs, and other school facilities; (2) improving student safety and security; and (3) fixing outdated electrical wiring, improving science and computer labs, and improving access to computers. 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 is \$30.00 per \$100,000 of assessed value based on estimated assessed valuations available at the time of the filing of tax rate statement of the Measure.

Measure H was placed on the ballot by the Board.

A "yes" vote is a vote to authorize the issuance of the bonds in the amount of \$67,400,000 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 of the bonds in the amount of \$67,400,000 to be secured by the levy of *ad valorem* taxes on property located within the District.

Orry P. Korb
County Counsel

By: /s/ Danielle Goldstein
Deputy County Counsel

COMPLETE TEXT OF MEASURE H

FULL TEXT BALLOT PROPOSITION OF THE FRANKLIN-MCKINLEY SCHOOL DISTRICT BOND MEASURE ELECTION JUNE 7, 2016

The following is the full proposition presented to the voters by the Franklin-McKinley School District.

"To upgrade/renovate classrooms/school facilities and improve the quality of education with funding that cannot be taken by the State, shall Franklin-McKinley School District construct classrooms, improve student access to modern technology, replace leaky roofs, old portable classrooms, outdated electrical/plumbing systems, improve safety/access for students with disabilities, acquire, construct, repair classrooms, sites, facilities/equipment by issuing \$67,400,000 of bonds at legal rates, with independent citizens' oversight, annual audits, and no money for administrative salaries?"

PROJECT LIST

The Board of Education ("Board") of the Franklin-McKinley School District is committed to providing a quality education by improving and ensuring the safety and security of all students. To that end, the Board received input from teachers, staff and the community and evaluated the District's urgent and critical facility needs, including safety issues, class size reduction, computer and information technology, and prepared a facility needs assessment in developing the scope of projects to be funded. The Project List includes the following types of upgrades and improvements throughout the District:

Renovation, Repair and Upgrade Projects

Goal and Purpose: Many local elementary and middle schools need significant repairs. This measure will fix aging classrooms, bathrooms, and leaky roofs, replace outdated security systems, fire alarms and sprinklers so children can learn in safe, healthy classrooms.

- Modernize or construct classrooms, science labs, and school facilities.
- Replace or repair deteriorating pipes, plumbing and sewer systems and leaky roofs.
- Repair aging classrooms, bathrooms and school buildings.
- Provide improved, up-to-date technology infrastructure.
- Replace old deteriorating portable classrooms.
- Replace or repair outdated heating, ventilation and air-conditioning systems.
- Upgrade outdated electrical and energy management systems.
- Renovate or expand multi-purpose rooms/cafeterias to accommodate more students.
- Renovate libraries, construct gyms and upgrade play fields.

COMPLETE TEXT OF MEASURE H-Continued

Improve Student Safety and Security Projects

Goal and Purpose: The District needs to upgrade elementary and middle school security to keep children and teachers safe. This measure funds upgrades to fire alarms and sprinklers, and up-to-date security systems to prevent intruders from entering campuses and improves security and communication systems for emergency school lockdowns.

- Upgrade perimeter fencing, fire alarms, sprinklers and fire safety systems for improved student safety.
- Upgrade emergency communication and closed circuit security systems to improve student and staff safety.
- Provide disabled accessibility.
- Retrofit schools to meet earthquake safety standards.
- Improve safety at student pick-up and drop-off areas.
- Replace outdated portable classrooms.

District-Wide Instructional Technology and Wiring Projects To Provide a 21st Century Education

Goal and Purpose: This measure will ensure that all students get access to computers and the instructional technology in the classroom they need. It will fix outdated electrical wiring, improve science and computer labs and improve access to computers.

- Provide instructional technology for students.
- Upgrade electrical wiring and classrooms technology.
- Upgrade computer and science labs.
- Construct science, technology, engineering and math classrooms.

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 management, staff training expenses and a customary contingency, and escalation for unforeseen design and construction costs. In addition to the listed projects stated above, the Project List also includes the payment of the costs of preparation of all facility planning, facility assessment reviews and master plans, 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, servers, switches, routers, modules, computers, district-wide computer labs upgrades, smart boards, cameras, sound projection systems, wiring every classroom for internet connectivity, wireless networks, wireless access points and controllers, portable interface devices, mobile device management systems, printers, upgraded voice-over-IP, phone systems, call manager and network security/firewall, and other miscellaneous

COMPLETE TEXT OF MEASURE H-Continued

equipment. The repair and improvement of school facilities includes constructing, upgrading, repairing or installing of school site parking, campus accessibility, utilities, playground equipment, hard court surfaces, general site paving, learning walls, tack boards, cabinets, tutoring rooms, restrooms, lighting, water heaters, boilers, walkway covers and casework, signage, fire sensors, outdated heating and air conditioning systems, multipurpose rooms used for after-school programs, assemblies, sports, performing arts and serving meals, playgrounds, play fields including turf, food service facilities, enlarge, upgrade or build media/library centers, kitchens and lunch shelters, site classrooms and administration buildings, staff lounges; construct or upgrade child care facilities; reconfigure parking lots and drop off/pick up zones to improve student safety; upgrade electrical wiring; renovate and paint interior and exterior building surfaces to extend their useful life; improve security, install safety and communication systems and equipment, windows and floor coverings (including tiles and carpeting); build or upgrade irrigation systems; make improvements and acquire furnishings and/or other electronic equipment and systems. The allocation of bond proceeds may be affected by the District's receipt of State matching funds and the final costs of each project. 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 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.

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 § 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 ALL BOND EXPENDITURES WILL BE MONITORED BY AN INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE TO ENSURE THAT FUNDS ARE SPENT AS PROMISED AND SPECIFIED. THE

COMPLETE TEXT OF MEASURE H-Continued

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. Bond funds shall not be temporarily transferred to the District's general fund for administrative purposes.

TAX RATE STATEMENT

An election will be held in the Franklin-McKinley School District (the "District") on June 7, 2016, to authorize the sale of up to \$67,400,000 in bonds of the District for the specific school facilities projects listed in the Bond Project List established by the District, as described in the proposition. If the bonds are authorized, the District expects to sell the bonds in one or more series. 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 9400-9404 of the Elections Code of the State of California.

(1) The best estimate of the tax rate that would be required to be levied to fund the bonds during the first fiscal year after the first sale of the bonds based on estimated assessed valuations available at the time of filing of this statement, is \$.0300 per \$100 (\$30.00 per \$100,000) of assessed valuation in fiscal year 2016-17.

(2) The best estimate of the tax rate that would be required to be levied to fund the bonds during the first fiscal year after the last sale of the bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$.0300 per \$100 (\$30.00 per \$100,000) of assessed valuation fiscal year 2022-23.

(3) The best estimate of the highest tax rate that would be required to be levied to fund the bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$.0300 per \$100 (\$30.00 per \$100,000) of assessed valuation 2016-17.

(4) The best estimate of the average tax rate which would be required to be levied to fund the bonds during the life of the bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$.0300 per \$100 (\$30.00 per \$100,000) of assessed valuation.

(5) The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is \$155,500,000 million. This estimates is based on assumptions regarding future interest rates and the term, timing, structure and amount of each series of bonds.

Voters should note that estimated tax rate is based on the ASSESSED VALUE of taxable property on Santa Clara 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.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. 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 dates of sale and the amount of bonds sold at any given time will be determined by the District based on need for construction

TAX RATE STATEMENT-Continued

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: Feb. 26, 2016.

/s/ Juan Cruz

Superintendent, Franklin-McKinley School District

ARGUMENT IN FAVOR OF MEASURE H

Vote Yes on Measure H—repair and update local schools to give all our students the tools they need for success.

Franklin-McKinley School District provides a high quality education that prepares students for high school, college, and future careers. However, our schools require essential repairs and upgrades to improve student safety and ensure that all students have equal access to modern classrooms and labs.

Whether or not you have children in school, investing in our elementary and middle schools makes sense. By keeping neighborhood schools strong, we help maintain property values in our community.

Measure H provides locally controlled funding that the state cannot take away to upgrade school facilities in our community. Measure H will repair leaky roofs, outdated electrical systems, deteriorating plumbing and sewer systems, and ensure safety and accessibility upgrades are made.

Measure H will also provide the additional classrooms needed to reduce overcrowding and provide top-quality science, technology, engineering, and math (STEM) education so that our students are prepared to excel in the 21st-century, global economy.

Vote YES on H to:

- Repair or replace leaky roofs
- Construct science, technology, engineering, and math (STEM) labs
- Make energy-efficient improvements to reduce utility costs
- Make health, safety, and accessibility improvements
- Construct classrooms, restrooms, and school facilities to reduce overcrowding
- Repair deteriorating plumbing and sewer systems

Measure H Includes Strict Fiscal Accountability

- All funds will benefit our local schools and cannot be taken away by the state
- No funds can be used for administrators' salaries, benefits, or pensions
- Citizen oversight and annual public audits will ensure funds are spent as promised

ARGUMENT IN FAVOR OF MEASURE H-Continued

Measure H repairs and updates local schools, improves the education of local students, and maintains the quality of our community. Please join parents, teachers, and community leaders in voting YES on Measure H!

/s/ Carl Guardino
CEO & President of Silicon Valley Leadership Group

/s/ Tam Nguyen
San Jose Councilman D-7

/s/ Corazon B. Tomalinas
Community Member

/s/ Van Le
East Side District Board Member

/s/ Muhammed Chaudhry
CEO Silicon Valley Education Foundation

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE H

In 2008, district voters passed a \$150,000,000 bond measure to "improve classrooms, libraries, and infrastructure"—just 8 years ago.

Were the construction projects funded by that \$150,000,000 so shoddy that it all has to be done over again?

If so, why should we trust them 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 since most technology goes obsolete in 3-5 years. But, decades of debt are what Measure H's proponents would burden us with.

Annual bond interest rates can legally be as high as 12%.

Bond measures are like mortgages. These loans must be paid back with interest, so what is the real cost of this \$67,400,000 bond measure?

Assuming a 3% rate, that's \$2,022,000/year—just in interest.

In 30 years, that's \$60,660,000 in interest, plus the original \$64,400,000, for a total cost of \$125,060,000.

What makes schools great is great teachers—not fancy classrooms or the trendiest technology.

By the time this bond measure is paid off, the technology it funded will be long ago obsolete—in a museum if it's lucky, more likely in a landfill.

School funding should be used to pay teachers, not to pay bond interest for the next 30 years.

Just say NO to Measure H.

Please see our web site:

www.SVTaxpayers.org/2016-franklin-mckinley-school-bond-measure

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

ARGUMENT AGAINST MEASURE H

In 2008, voters in Franklin-McKinley School District approved a \$150,000,000 bond measure, meant to "improve classrooms, libraries, and infrastructure." That's just 8 years ago.

Were the construction projects funded by that \$150,000,000 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 the proponents of Measure H want to push on us, with this bond.

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

Would you buy a house or condo without knowing the interest rate? That would be nuts, right?

But Measure H's proponents are asking us to accept that uncertainty, that risk.

And because bonds are like mortgages—they have to be paid back with interest—what is the real cost of this \$67,400,000 bond measure?

If we assume a 3% rate, that's \$2,022,000 per year, just in interest.

Over 30 years, that adds up to \$60,660,000 in interest, plus the original bond amount of \$64,400,000, for a total cost of \$125,060,000.

What makes schools great is 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.

School funding should be used to pay teachers, not squandered on bond interest for the next 30 years.

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

For more information, please see:

www.SVTaxpayers.org/2016-franklin-mckinnley-school-bond-measure

/s/ Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST MEASURE H

The **LONE** opponent of Measure H files nearly this EXACT ARGUMENT against virtually EVERY SCHOOL MEASURE on the ballot, EVERY YEAR.

He DOESN'T LIVE IN OUR COMMUNITY, he lives in Morgan Hill. He hasn't taken the time to visit our schools or understand our needs.

Yet, he wants to tell us how to vote on an issue that impacts OUR SCHOOLS and OUR COMMUNITY.

If he lived here, he'd understand our schools average 47 years old and need urgent repairs to meet today's safety and academic standards.

He'd also know the 2008 Measure funded the first phase of upgrades to some schools and represents a proven record of spending funds carefully and responsibly.

Some schools have received upgrades but most haven't. Measure H upgrades aging schools ensuring every child has an equal chance to succeed in high school and college.

FACT—there is NO OTHER FUNDING SOURCE to address these problems:

- Leaky roofs that disrupt classes
- Ensuring schools are earthquake safe
- Relieving student overcrowding
- Replacing deteriorating plumbing/sewer systems
- Replacing outdated electrical systems that were not designed for modern instructional technology
- Making classrooms accessible for students with disabilities
- Updating classrooms for modern science, technology, and math instruction

Measure H provides LOCALLY CONTROLLED FUNDING that cannot be taken by the State. Every penny benefits our schools. Citizen oversight and annual audits ensure funds are spent as promised.

WE KNOW what is best for our kids. Join our community's leaders in voting **YES on H**.

/s/ Rudy J. Rodriguez
Local Businessman

/s/ Thanh Q. Tran
Co-Chair, Franklin-McKinley Children's Initiative

/s/ George Sanchez
Educator, East Side Union High School District

/s/ Buu Thai
Active Community Leader and Longtime Resident

/s/ John Lindner
Board President, Franklin-McKinley School District