

MEASURE I

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE I

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 Trustees (Board) of the Alum Rock Union School (District) proposes issuing bonds in the amount of \$139,999,671.60. As identified in the measure, bond proceeds would be used for purposes including, but not limited to: (1) fixing aging classrooms bathrooms, and leaky roofs; (2) replacing and upgrading security systems, fire alarms, and sprinklers; (3) providing instructional technology; (4) fixing outdated wiring; (5) improving science and computer labs; and (6) improving access to computers.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 ordering the election and submitting to voters the question of whether bonds shall be issued and sold does not include comprehensive information about other District debt obligations that may exist. However, the resolution states that the District has issued \$39,000,328.40 under the District's Measure G, a \$179 million bond measure approved at an election on June 3, 2008. The resolution states the intent to reapprove the issuance of \$139,999,671.60 of Measure G bonds as new bonds without increasing the total amount of authorized District debt. The Measure states that, if approved, the Board will not authorize any additional bonds under the 2008 Measure G, and that the Board has covenanted that it will cancel and not authorize the issuance of Measure G bonds in a like amount.

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 Measure I.

The District's stated estimate of the highest tax rate to be levied to fund the proposed bonds--based on estimated assessed valuations available at the time of filing of the tax rate statement of the Measure--is \$30.00 per \$100,000 of assessed value during fiscal year 2017-18.

Measure I 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 \$139,999,671.60 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 \$139,999,671.60 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 I

EXHIBIT B

FULL TEXT BALLOT PROPOSITION OF THE ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT BOND MEASURE ELECTION JUNE 7, 2016

"To improve local neighborhood schools, fix leaky, deteriorated roofs, improve fire safety, repair/upgrade classrooms, improve student safety and security, renovate outdated restrooms, upgrade heating/ventilation/electrical systems for energy efficiency, and computer technology, shall \$139,999,671.60 of Alum Rock Union Elementary School District bonds approved by the voters in June 2008, be reapproved at legal rates to renovate, acquire, construct, repair classrooms, sites, facilities/equipment, with independent audits, citizens' oversight, no money for administrators' salaries and all money controlled locally?"

SCHOOLS PROJECT LIST

The Board of Trustees of the Alum Rock Union Elementary School District evaluated the District's urgent and critical facility needs, including safety issues, enrollment trends, class size, energy efficiency and computer technology, in developing the scope of projects to be funded. In developing the scope of projects, teachers, staff and community members have prioritized the key health and safety needs so that the most critical facility needs are addressed. The Board conducted a facilities evaluation and received public input and review in developing the scope of facility projects to be funded. This input concluded that if these needs were not addressed now, the problem would only get worse. **In approving this Schools Project List, the Board of Trustees determines that the District MUST:**

- (i) **Install and upgrade fire prevention, security and emergency response systems, including safety locks and fencing at school sites so that all students are safe; and**
- (ii) **Repair aging schools including leaky roofs and install and upgrade heating, cooling and ventilation systems to make them more energy efficient; and**
- (iii) **Maximize its resources through efficient facility and financial management, seek energy and utility cost savings, and only spend any local bond money on projects within the District and shall NOT ALLOW BOND MONIES TO BE TAKEN BY THE State; and**
- (v) **Improve instructional technology in classrooms; and**
- (vi) **Insist that all schools be healthy and safe from fire dangers, earthquake risks, and hazardous materials, such as asbestos and mold.**

The Schools Project List includes the following types of upgrades and improvements throughout the District:

COMPLETE TEXT OF MEASURE I-Continued

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, air-conditioning and electrical 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.

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.
- Improve or provide access for students or teachers with disabilities.
- Retrofit schools to meet earthquake safety standards.
- Improve safety at student pick-up and drop-off areas.
- Replace outdated portable classrooms.

COMPLETE TEXT OF MEASURE I-Continued

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 classroom 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 Schools 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, as well as the refinancing of outstanding lease obligations. 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 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, indoor and outdoor 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 multipurpose rooms, 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

COMPLETE TEXT OF MEASURE I-Continued

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.

CANCEL MEASURE G. District voters previously approved Measure G at an election held in the District on June 3, 2008. However, due to State law limitations imposed on the issuance of bonds under Measure G, the District estimates that it will be unable to issue any additional Measure G bonds in the immediate future. The Board of Trustees of the District has found and determined that there continues to be an urgent need in the District for the completion of the educational projects approved by the District voters under Measure G, and that no other District resources are available to finance such projects. If the bonds are approved and issued, the Board of Trustees of the District has covenanted that it will cancel and shall not authorize the issuance of Measure G bonds in a like amount.

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.

COMPLETE TEXT OF MEASURE I-Continued

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

TAX RATE STATEMENT CONCERNING MEASURE I

TAX RATE STATEMENT REGARDING PROPOSED

\$139,999,671.60

ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT GENERAL OBLIGATION BONDS

An election will be held in Alum Rock Union Elementary School District (the "District") on June 7, 2016 for the purpose of submitting to the electors of the District the question of issuing bonds of the District in the principal amount of \$139,999,671.60. If such bonds are authorized and sold, the principal thereof and interest thereon will be payable from the proceeds of taxes levied on the taxable property in the District. The following information regarding tax rates is given to comply with Section 9401 of the California Elections Code. This information is based upon the best estimates and projections presently available from official sources, upon experience within the District and other demonstrable factors.

Based upon the foregoing and projections of the assessed valuations of taxable property in the District, and assuming the entire debt service on the bonds will be paid through property taxation:

1. The best estimate from official sources of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the first sale of the bonds, based on estimated assessed valuations available at the time of the filing of this statement, or on a projection based on experience within the District or other demonstrable factors, is \$.00030 per \$100 (\$30.00 per \$100,000) of assessed valuation of all property to be taxed for the year 2017-18.

2. The best estimate from official sources of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the last sale of the bonds and an estimate of the year in which that rate will apply, based on estimated assessed valuations available at the time of the filing of this statement, or on a projection based on experience within the District or other demonstrable factors, is \$.00030 per \$100 (\$30.00 per \$100,000) of assessed valuation of all property to be taxed and the year 2044-45.

3. The best estimate from official sources of the highest tax rate that would be required to be levied to fund the bond issue and an estimate of the year in which that rate will apply, based on estimated assessed valuations available at the time of the filing of this statement, or on a projection based on experience within the District or other demonstrable factors, is \$.00030 per \$100 (\$30.00 per \$100,000) of assessed valuation of all property to be taxed and the year 2017-18.

4. The best estimate from official sources of the total debt service, including principal and interest, which would be required to be repaid by the tax rates levied on taxable property, if all of the bonds are issued, sold and paid as projected would be \$238,647,750.

Attention of voters is directed to the fact that the foregoing information is based upon projections and estimates. The actual timing of sales of the bonds and the amount to be sold at any time will be

TAX RATE STATEMENT-Continued

governed by the needs of the District and other factors. The actual interest rates at which the bonds will be sold, which will not exceed the maximum permitted by law, will depend upon the bond market at the time of sale. The actual assessed valuations in future years will depend upon the value of property within the District as determined in the assessment and the equalization process. Therefore, the actual tax rates and the years in which those tax rates will be applicable may vary from those presently estimated and stated above.

/s/ Hilaria Bauer
Dr., Superintendent
Alum Rock Union Elementary School District

ARGUMENT IN FAVOR OF MEASURE I

Vote YES on I to **repair and modernize local schools** in the Alum Rock Union Elementary School District to ensure that all students learn in safe, modern classrooms. Measure I invests in a better future for all students by providing access to 21st century science and computer labs.

Many local schools are 40 to 74 years old and desperately need repairs. Measure I removes mold and asbestos from our schools, fixes leaky, deteriorated roofs, and completes many other needed repair projects.

Measure I replaces aging, inefficient electrical, heating and air conditioning systems, **saving Alum Rock Union Elementary School District hundreds of thousands of dollars each year** in utility and maintenance costs—money that can be put back into the classroom to improve academic instruction in core subjects.

Vote YES on I.

- Remove hazardous materials, like mold and asbestos.
- Replace aging, inefficient electrical, heating and air conditioning systems.
- Fix leaking roofs, windows and doors.
- Ensure safe access for disabled students.
- Modernize classrooms and provide 21st century science and computer labs

Every penny of Measure I will be used to improve local schools.

- NO funds can be taken by the State.
- All funds will be controlled locally, with **citizen oversight and annual audits** to ensure funds are used as promised.
- Local schools will be eligible for millions of dollars in State matching funds.
- No funds can be used for administrators' salaries, benefits or pensions.

Measure I invests in our students' future, providing them with the science, math and computer skills needed to succeed in high school, college and or the careers of the 21st century.

Measure I **creates local construction jobs** and pumps millions of dollars into our local economy, supporting our local businesses.

JOIN PARENTS, TEACHERS, LOCAL BUSINESSES AND COMMUNITY LEADERS.

Vote YES on Measure I.

/s/ Raymond Mueller
Chair, Citizens' Oversight Committee, PTA, SSC Representative

/s/ Julie Ramirez
Citizen's Oversight Committee, Parent Representative

/s/ Maria Martinez
Alum Rock Educators Association Corresponding Secretary

/s/ Anthony Ortega
Retired Community Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE I

In 2012, district voters passed a \$125,000,000 bond measure "to improve neighborhood schools by removing mold and asbestos" and "fixing leaky, deteriorated roofs."

Now, only 4 years later, they want to "remove hazardous materials, like mold and asbestos" and "fix leaking roofs."

Were the construction projects funded by that \$125,000,000 so shoddy that it all needs redoing, just 4 years later?

And will the same mold and asbestos need to be removed again 4 years from now?

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 technology goes obsolete so quickly—sometimes in just 3 years. But that's the type of debt burden Measure I's proponents propose saddling us with—for decades.

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

By the time this debt is paid off, the technology it funded will be long ago obsolete—in a museum, if it's lucky, or in a landfill, if it's not.

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

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

For more information, please see our web site:

www.SVTaxpayers.org/2016-alum-rock-union-school-bond-measure

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

/s/ Elizabeth C. Brierly
District Homeowner

ARGUMENT AGAINST MEASURE I

In 2012 district voters passed a \$125,000,000 bond measure to "replace inefficient/aging heating, ventilation, and electrical systems". That's just 4 years ago.

Were the construction projects funded by that \$125,000,000 so shoddy that it all has replaced a mere 4 years later?

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?

That would be nuts, especially since most technology is going to be obsolete in 3-5 years. But, that's what the proponents of Measure I want to do.

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

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

But, that's what the proponents of Measure I are asking you to approve.

And since bond measures are like mortgages, in that they have to be paid back with interest, what is the real cost of this \$139,999,671.60 bond measure?

If we assume a 3% rate, that's \$4,199,990.15 per year in interest only.

In 30 years that's \$125,999,704.44 in interest plus the original amount of \$139,999,671.60 bond for a total cost of \$265,999,376.04.

What makes schools great are great teachers, not fancy classrooms or access to the latest computer technology.

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

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

Just say NO to Measure I.

For more information, please see our web site:

www.SVTaxpayers.org/2016-alum-rock-union-school-bond-measure

/s/ Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST MEASURE I

I am proud of the fact that dozens of community leaders, homeowners, teachers, parents, and business leaders agree that Measure I is an opportunity for us to continue investing in our children.

Although the arguments made against Measure I were completely inaccurate, and made by an individual that does not even reside in our community, his argument against has given me the opportunity to remind our Alum Rock community of the benefit Measure I will bring our children.

Many of our schools were built between 40 and 74 years ago. Measure I ensures all students learn in safe, modern classrooms. It provides access to state-of-the-art innovative learning centers providing students with the science and math skills to succeed in high school, college and careers of the 21st century.

It will also provide access to two middle school multi purpose rooms that will provide the community with safe spaces by which to enjoy sports, community events, and become a focal point for our neighborhoods.

Every penny of Measure I must be used to improve local schools.

- NO funds can be taken by the State.
- Local schools will be eligible for millions of dollars in State matching funds.
- All funds will be controlled locally, with **citizen oversight and annual audits**.
- No funds can be used for administrators' salaries, benefits or pensions.

Finally, Measure I **creates local construction jobs** and pumps millions of dollars into our local economy, supporting our local businesses.

JOIN OUR COMMUNITY IN VOTING YES ON MEASURE I.

/s/ Maria Martinez

Alum Rock Educators Association, Corresponding Secretary