

## MEASURE AA

### COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE AA

Measure AA would authorize issuance of \$284,000,000 in bonds to fund school facilities projects in the Milpitas Unified School District (District). Such bonds are financial instruments used by school districts to borrow money that is repaid by a property tax levy. California law allows school districts to propose bond measures to authorize the issuance of bonds. To pass, the Measure must be approved by 55 percent of voters who vote in the election. The Measure was put on the ballot by Board of Education (Board) of the District.

Money generated by the bonds can only be used for the purposes that are set out in the full text of the Measure. The Measure says that the money could be used to:

- Expand and upgrade classrooms and science labs;
- Complete a new elementary school;
- Replace old portable classrooms;
- Convert existing District administrative offices into new high school facilities; and,
- Perform basic repairs and safety upgrades on existing school facilities.

A complete list of projects and allowed expenditures is included within the full text of the Measure. The Board has certified that it has evaluated safety, class size, and information technology needs in developing its project list.

Under the California Constitution, money generated by school district bond measures cannot be used for teacher and administrator salaries or pensions, or other school operating expenses. The California Constitution requires the District to hire an independent professional to annually examine how the District is spending bond money. State law also requires the District to establish an independent citizens' oversight committee to ensure that money generated by the bonds is used only for the projects included in the Measure.

The bonds will be repaid from taxes collected on property in the District. The amount of the tax paid will depend on the assessed value of the property. The District's best estimate of the highest tax rate to be collected to repay the bonds is \$60.00 per \$100,000 of the assessed value of the property. The District's best estimate of the total amount, including interest, that will be required to repay the bonds is \$499,899,807. The District estimates that the final year that taxes will be collected to repay the bonds is fiscal year 2046-2047.

A "yes" vote is a vote to authorize the issuance of the bonds in the amount of \$284,000,000 to be repaid by collection of taxes on property located within the District.

A "no" vote is a vote to not authorize the issuance of the bonds.

James R. Williams  
County Counsel

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

## COMPLETE TEXT OF MEASURE AA

### FULL TEXT BALLOT PROPOSITION OF THE MILPITAS UNIFIED SCHOOL DISTRICT BOND MEASURE ELECTION NOVEMBER 6, 2018

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

**"MILPITAS SCHOOL SAFETY AND CLASSROOM UPGRADE MEASURE.** To improve safety, provide additional classrooms and science labs to relieve elementary, middle and high school overcrowding; repair leaky roofs; update technology; and repair, construct, acquire classrooms, sites, facilities/equipment, shall Milpitas Unified School District's measure authorizing \$284,000,000 of bonds at legal rates, levying \$60/\$100,000 assessed value, averaging \$21,000,000 annually while bonds are outstanding, be approved, with oversight, annual audits, no funds for administrators' salaries, and all funds staying local?"

### PROJECT LIST

The Board of Education of the Milpitas Unified School District is committed to maintaining the quality of education in local schools by providing **safe**, secure, upgraded **classrooms** and science **labs** which keep pace with 21<sup>st</sup> Century technologies and learning standards. To that end, the Board evaluated urgent and critical facility needs with a goal to **relieve** classroom **overcrowding**, as well as safety issues, class size, computer and information technology in developing the scope of projects to be funded. The District conducted a facilities evaluation and received public input in developing this Project List. Teachers, staff, community members and the Board have prioritized classroom overcrowding and key health and safety projects so that the most critical facility needs are addressed.

The Board concluded that the **District must improve school safety and relieve overcrowding** at schools and **expand and upgrade classrooms and science labs**.

Therefore, in approving this Project List, the **Board of Education determines that the District must:**

- Improve student safety and school security;**
- Relieve overcrowding in Milpitas elementary, middle and high schools by expanding and upgrading classrooms and science labs;**
- Repairs to leaky roofs;**
- Update classrooms for career technical education and workforce training programs;**
- ADHERE TO SPECIFIC FISCAL ACCOUNTABILITY SAFEGUARDS SUCH AS:**
  - All funds benefit local schools; no funds can be taken away by the State.**
  - All expenditures must be subject to annual independent financial audits.**

## COMPLETE TEXT OF MEASURE AA-Continued

- (c) No funds can be used for administrators' salaries and pensions.
- (d) An independent citizens' oversight committee must be appointed to ensure that all funds are spent only as authorized.

The Project List includes the following types of upgrades and improvements at District schools and sites:

Burnett Elementary School	Rancho Middle School
Calaveras Hills High School	Randall Elementary School
Curtner Elementary School	Rose Elementary School and
Mabel Mattos Elementary School	Rose Child Development Center
Milpitas Adult Education Facility	Russell Middle School
Milpitas Airpoint Facility	Sinnott Elementary School
Milpitas High School	Spangler Elementary School
Milpitas U.S.D. District Office	Sunnyhills Child Development Center
Milpitas U.S.D. Maintenance, Operations, Transportation, and Warehouse Facility	Weller Elementary School
Murphy Elementary School Site	Zanker Elementary School
Pomeroy Elementary School	

### RELIEVE SCHOOL OVERCROWDING:

#### Projects Which Relieve Classroom Overcrowding

**Goals and Purposes:** Current enrollment at Milpitas High School is 3,200 students, far more than it was originally built for. This measure will fund additional classrooms, science labs and facilities at Milpitas High School to help prevent overcrowding.

This measure will expand the number of elementary and middle school classrooms to relieve classroom overcrowding and help ensure that there is space for students to attend their own neighborhood schools.

- Expand and upgrade classrooms and science labs.
- Complete a new elementary school.
- Replace old portable classrooms.
- Convert existing District administrative offices into new high school facilities.

## COMPLETE TEXT OF MEASURE AA-Continued

- Upgrade science labs and classrooms for career technical education and workforce training programs.

### BASIC SCHOOL REPAIRS AND SAFETY UPGRADES

**Goal and Purpose:** This measure will make necessary repairs and upgrades to our schools, including fixing leaky roofs and windows, maximizing energy and water efficiency, improving student safety and school security, replacing old sewers for flood protection, and upgrading lighting and earthquake safety to provide a safe, healthful learning environment for students.

- Continue repairs to leaky roofs and windows.
- Upgrade safety and security systems, including fire alarms, security lighting, fences, door locks and video cameras.
- Add new classrooms and facilities to avoid overcrowding.
- Update technology.
- Maximize energy and water efficiency.
- Upgrade school facilities to improve accessibility for disabled students and teachers.
- Repair sewers and drainage systems to prevent flooding.

### FISCAL RESPONSIBILITY:

#### Community Accountability Requirements

**Goal and Purpose:** To ensure that every penny from this measure benefits local schools and that no funds are taken away by the State or other school districts, this measure will benefit from the following safeguards:

- Require the establishment of an independent citizen oversight committee to review all expenditures to ensure that funds are used as promised.
- Require independent financial audits of all expenditures to ensure that fiscally responsible financial controls are followed.
- Prohibit any funds from being used for administrator salaries or pensions.

In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: repair and replace heating, plumbing, sewer and ventilation systems; relocate school sites administrative facilities and convert District-owned sites and commercially leased properties to educational or administrative uses; renovate student and staff restrooms; acquire land and facilities for educational and administrative purposes; upgrade of facilities for energy efficiencies; acquire and install solar panels; acquire vehicles; repair and replace worn-out or leaky roofs, windows, walls, doors, doorframes and drinking fountains; install or upgrade wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; construct, expand or

### COMPLETE TEXT OF MEASURE AA-Continued

upgrade Milpitas adult education and pre-school facilities, as well as District owned sites currently being leased or otherwise not currently used for education purposes; upgrade or construct support facilities, including administrative, physical education, warehousing, multi-purpose rooms, kitchens and food preparation areas, visual and performing arts buildings, media centers and maintenance yards; repair and replace fire alarms, emergency communications and security systems; construct new schools; resurface or replace hard courts, turf and irrigation systems and campus landscaping; expand parking; acquire land; interior and exterior painting and floor covering; demolition; upgrade pools; construct various forms of storage and support spaces; replace artificial turf; upgrade classrooms; repair, upgrade or install interior and exterior lighting systems; improve or construct playgrounds, athletic fields/courts and play apparatus; replace outdated security fences and security systems, provide indoor space for assemblies, physical education or for rainy day lunch. The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the Project List also includes the acquisition of a variety of instructional, maintenance and operational equipment, the reduction or retirement of outstanding lease obligations and interim or bridge funding incurred to advance fund projects from the Project List; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software. The allocation of bond proceeds will be affected by the final costs of each project. 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. Some projects throughout the District, such as gyms, fields and performing arts facilities, may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.

Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and

### COMPLETE TEXT OF MEASURE AA-Continued

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

**FISCAL ACCOUNTABILITY:** IN ACCORDANCE WITH EDUCATION CODE SECTION 15272, THE BOARD OF EDUCATION WILL APPOINT A CITIZENS' OVERSIGHT COMMITTEE AND CONDUCT ANNUAL INDEPENDENT AUDITS TO ASSURE THAT FUNDS ARE SPENT ONLY ON DISTRICT PROJECTS AND FOR NO OTHER PURPOSE. THE EXPENDITURE OF BOND MONEY ON THESE PROJECTS IS SUBJECT TO STRINGENT FINANCIAL ACCOUNTABILITY REQUIREMENTS. BY LAW, PERFORMANCE AND FINANCIAL AUDITS WILL BE PERFORMED ANNUALLY, AND 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 Milpitas Unified School District (the "District") on November 6, 2018, to authorize the sale of up to \$284,000,000 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 9405 of the California Elections Code.

1. The best estimate of the average annual tax rate that would be required to be levied to fund this bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of filing of this statement, is 5.81 cents per \$100 (\$58.10 per \$100,000) of assessed valuation. The final fiscal year in which the tax to be levied to fund this bond issue is anticipated to be collected is fiscal year 2046-47.

2. The best estimate of the highest tax rate that 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 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2024-25.

3. 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 approximately \$499,899,807.

Voters should note that the estimated tax rate is based on the ASSESSED VALUE of taxable property on the County of Santa Clara 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, debt service 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 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 County Assessor in the annual assessment and the equalization process.

Dated: August 1, 2018.

/s/ Cheryl Jordan  
Superintendent, Milpitas Unified School District

## ARGUMENT IN FAVOR OF MEASURE AA

Vote YES on AA to relieve overcrowding and ensure student safety at Milpitas schools.

We have outstanding schools in Milpitas, as students receive a high-quality education that prepares them to excel in college and compete for future careers.

Our classrooms, however, are overcrowded. Over 3,200 students attend Milpitas High School, which is significantly more students than the school was originally built to accommodate. Plus, our elementary and middle schools need more classrooms, science labs and facilities to ensure students can continue attending their neighborhood school.

In addition, our schools need essential repairs and updates to ensure student safety, such as fixing leaky roofs and windows, improving school security and upgrading lighting and earthquake safety.

Your YES vote is critical. Our students deserve safe and up-to-date classrooms that meet today's educational standards and allow them to succeed in science, technology, engineering, arts, athletics and math.

Vote YES for Milpitas Students:

- Improve student safety and school security
- Relieve overcrowding and add classrooms and science labs at Milpitas elementary, middle and high schools
- Repair leaky roofs and windows
- Upgrade science labs and classrooms for career technical education and workforce training programs
- Update learning technology in Milpitas classrooms and science labs to prepare all students for college and 21st-century careers

Strict Fiscal Accountability is Required

- All funds will be controlled locally and stay in our community—no funds can be taken away by the State
- Independent citizens' oversight and annual audits will ensure funds are spent as promised
- No funds can be used for administrator salaries or pensions

Protecting the quality of our local schools helps to protect home values for us all, even if you don't have school-aged children.

## ARGUMENT IN FAVOR OF MEASURE AA-Continued

Join Milpitas parents, teachers, seniors, business leaders and community members in voting YES on AA for safe and up-to-date schools.

/s/ Thomas J. Valore  
Former Financial Advisor & MUSD Citizen Oversight Committee Member

/s/ Martha Kang Chen  
Milpitas Teacher

/s/ Michael Mendizabal  
Longtime Milpitas Community Leader & Former School Board President

/s/ Sreedevi K. Sreepada  
Parent & Curtner Elementary School PTA President

/s/ Lawrence J. Ciardella  
Assistant Chief of Spring Valley Volunteer Fire Department & Milpitas Citizen of the Year 2016

## REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE AA

Just 6 years ago, voters passed a \$95M bond measure to do the following:

Replace "**leaky roofs**" and "update learning technology" and "provide classrooms for growing student enrollment"

Now they want to "**repair leaky roofs**" just 6 years after they replaced them?

That's some kind of record for roof deterioration!!!

Everyone knows, especially in Silicon Valley, that technology today will be obsolete in 5-6 years, or sooner.

So, who in their right mind would buy technology, via a bond, and pay it off over 25-30 years? That's insane, right?

Answer: Insanity, if you vote for Measure AA.

The 2012 technology that the district bought in 2012 with that bond money is undoubtedly already been recycled, but the payments, that you're still paying for, will continue on for decades.

**Vote NO on Measure AA** to stop this fiscal insanity.

And did the student enrollment increase as they projected in 2012?

From 2014-15 school year enrollment was 10,281 and now it's **down** to 10,260 in 2016-17 school year. Guess their crystal ball was in the shop for repairs.

The district wants to spend \$248M to help 10,260 students at a cost of \$27,680 per student plus the ADA funds of \$10,729 per student that they get every year.

Seriously, that's a lot of money. But, that \$248,000,000 has to be paid back, and that will likely double your cost with interest and principle payments.

**Just say NO to fiscal insanity, vote NO on Measure AA**

For more information: [www.SVTaxpayers.org/2018-measure-aa](http://www.SVTaxpayers.org/2018-measure-aa)

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

/s/ Jennifer Imhoff  
Chair, Libertarian Party of Santa Clara County

## ARGUMENT AGAINST MEASURE AA

In 2012, just 6 years ago, voters in the district passed a \$95M bond measure to do the following:

Replace **"leaky roofs"** and "update learning technology" and "provide classrooms for growing student enrollment"

Now they want to **"repair leaky roofs"** just 6 years after they replaced them?

That's got to be some kind of record for roof deterioration!!!

Everyone knows, especially in Silicon Valley, that technology today will be obsolete in 5-6 years, or sooner.

So, who in their right mind would buy technology, on credit, i.e. via a bond, and pay it off over 25-30 years?

Answer: You, if you vote for Measure AA.

The 2012 technology that the district bought in 2012 with that bond money is undoubtedly already been recycled, but the payments, that you're still paying for, will continue on for decades.

Vote NO on Measure AA to stop this fiscal insanity.

And did the student enrollment increase as they projected in 2012?

From 2014-15 school year enrollment was 10,281 and now it's down to 10,260 in 2016-17 school year. Guess their crystal ball is in the shop for repairs.

The district wants to spend \$248M to help 10,260 students at a cost of \$27,680 per student plus the ADA funds of \$10,729 per student that they get every year.

Seriously, that's a lot of money. But, that \$248,000,000 has to be paid back, and that will likely double the cost with interest and principle payments.

**Just say NO to fiscal insanity, vote NO on Measure AA**

For more information, please visit our website at [www.SVTaxpayers.org/2018-measure-aa](http://www.SVTaxpayers.org/2018-measure-aa)

/s/ Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

/s/ Jennifer Imhoff

Chair, Libertarian Party of Santa Clara County

## REBUTTAL TO ARGUMENT AGAINST MEASURE AA

Don't let the two opponents mislead you. They don't live in Milpitas and they don't understand our community. They clearly haven't taken the time to understand our schools.

As leaders in our community, we recognize the importance of having safe and up-to-date schools for Milpitas students.

Here are the FACTS about Measure AA:

- Student enrollment has grown dramatically in recent years. Our classrooms and school facilities are overcrowded. We need Measure AA to build more classrooms and ensure students can attend their neighborhood schools.
- The District will not finance short-lived technology with long-term bonds. Instead, Measure AA will make essential upgrades to repair and upgrade our schools.
- The District has already made some repairs, but we need Measure AA to complete the next phase of improvements so that our schools are up to today's standards.
- Here in the heart of Silicon Valley, we know that the requirements for success are rapidly changing. Measure AA will update classrooms and labs to prepare students for college and competitive careers.
- Local control and accountability are required. Every penny will be locally-controlled and can only be spent on projects outlined in the full ballot text. Independent citizens' oversight and annual audits will ensure that every penny will directly support Milpitas schools.
- The State won't provide the funding we need to upgrade our schools. The only way we can improve our schools is by voting YES on Measure AA.

Our community is united in supporting Measure AA. Join us—vote YES to relieve overcrowding and update our Milpitas schools.

/s/ William D. Weisgerber  
Former Milpitas Mayor

/s/ Debra Indihar Giordano  
Local Real Estate Broker and Former Milpitas City Council Member

/s/ Kaila Schwartz  
Milpitas Teacher of the Year

/s/ Jessie Keung  
Former Milpitas High School PTA President

/s/ Warren Wettstein  
Parent and Local Business Owner, Wettstein Insurance & Financial Solutions