

**PATTERSON JOINT UNIFIED SCHOOL DISTRICT
MEASURE N**

To allow local high school teachers and staff members to live in the community in which they work and improve the school district's ability to attract and retain highly qualified employees by constructing teacher-staff rental housing, shall Patterson Joint Unified School District measure authorizing \$32.5 million of bonds be adopted with legal rates raising approximately \$2 million for annual repayment while bonds are outstanding, projected levies of less than \$0.04 per \$100 assessed valuation, annual audits, citizens' oversight?

**BONDS—YES
BONDS—NO**

**COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF
MEASURE N**

The Board of Trustees (Board) of the Patterson Joint Unified School District (District) proposes to issue bonds in the amount of up to \$32.5 million for the purposes of financing the acquisition, construction, and improvement of affordable rental housing for teachers and employees of the District. These bonds will be repaid by the levy of *ad valorem* taxes—a tax on the assessed value of property within a district.

California law permits the issuance of general obligation bonds (i) for acquisition or improvement of real property (requiring approval by two-thirds of the voters in an election); and (ii) by school and community college districts, and county offices of education 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 (requiring approval by 55 percent of the voters in an election).

As identified in the Measure, bond funds will be expended to design, build, and acquire low cost teacher-staff rental housing to be located at a suitable site to be designated by the District. Project costs may include but are not limited to:

- Design, construction and acquisition of rental housing units
- Acquisition of land as the site for the housing units
- Parking lot construction and improvement as needed
- Architect and engineering fees
- General contractor fees
- Labor and material costs
- Sewer capacity improvements
- Environmental review
- Rezoning application fees as required
- Municipal licensing fees as required

Projects costs include the costs of furnishing and equipping such facilities, and all costs that are incidental, but directly related, to the types of projects described above.

The Board has certified that it has evaluated safety, class size reduction, and information technology needs in developing its project list.

The District states that it will conduct independent annual performance and financial audits. The District has also committed to establish an independent citizens' oversight committee to ensure that bond funds are spent only for projects included in the Measure.

**COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF
MEASURE N-Continued**

The District's stated best estimate of the highest tax rate to be levied to repay the proposed bonds is \$40 per \$100,000 of assessed value based on estimated assessed valuations available at the time of the filing of the tax rate statement of the Measure. The District estimates that the total amount repayable during the life of the bond, including principal and interest, will be approximately \$59.84 million.

Measure N 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 up to \$32.5 million 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.

James R. Williams
County Counsel

By: Mary E. Hanna-Weir
Deputy County Counsel

COMPLETE TEXT OF MEASURE N

INTRODUCTION

The following is the abbreviated form of the bond measure:

To allow local high school teachers and staff members to live in the community in which they work and improve the school district's ability to attract and retain highly qualified employees by constructing teacher-staff rental housing, shall Patterson Joint Unified School District measure authorizing \$32.5 million of bonds be adopted with legal rates raising approximately \$2 million for annual repayment while bonds are outstanding, projected levies of less than \$0.04 per \$100 assessed valuation, annual audits, citizens' oversight?

TITLE

This Measure may be known as the "**PATTERSON JOINT UNIFIED SCHOOL DISTRICT TEACHER-STAFF HOUSING BOND MEASURE**", or may be known by reference to the letter designations assigned by the Counties.

BOND AUTHORIZATION

By approval of this Measure by at least 55 percent of the registered voters voting on the measure, the Patterson Joint Unified School District will be authorized to issue and sell bonds of up to \$32.5 million in aggregate principal amount at interest rates not to exceed legal limits, having an estimated final maturity in 2049, and to provide financing for the specific types of school facilities projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

ACCOUNTABILITY REQUIREMENTS

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

Evaluation of Needs. The School Board has identified detailed facilities needs of the District and has determined which projects to finance from a local bond. The School Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens' Oversight Committee. Following approval of this measure, the School Board will establish an Independent Citizens' Oversight Committee, under Education Code Sections 15278 and following, to ensure bond proceeds are expended only on the types of school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the School Board.

Performance Audits. The School Board will conduct annual, independent performance audits to ensure that the bond proceeds have been expended only on the school facilities projects listed below.

COMPLETE TEXT OF MEASURE N-Continued

Financial Audits. The School Board will conduct annual, independent financial audits of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed below.

Government Code Accountability Requirements. As required by Section 53410 of the Government Code, (1) the specific purpose of the bonds is set forth in this Full Text of the Measure, (2) the proceeds from the sale of the bonds will be used only for the purposes specified in this measure, and not for any other purpose, (3) the proceeds of the bonds, when and if issued, will be deposited into a building fund to be held by the Stanislaus County Treasurer, as required by the California Education Code, and (4) the Superintendent of the District shall cause an annual report to be filed with the School Board not later than January 1 of each year, which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in this measure, as required by Sections 53410 and 53411 of the Government Code.

NO TEACHER OR ADMINISTRATOR SALARIES

Proceeds from the sale of bonds authorized by this measure shall be used only for the purposes specified in Article XIII A, Section 1(b)(3), those being for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, and the acquisition or lease of school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

BOND PROJECT LIST

Projects which are described below include all related and incidental costs, including their share of the costs of the election and bond issuance and costs of design, engineering, architect and other professional services, inspections, site preparation, utilities, and other planning, legal, accounting and similar costs, independent annual financial and performance audits, a customary contingency, and other costs incidental to and necessary for completion of the listed projects.

The District may alter the scope and nature of any of the specific projects that are described below as required by conditions that arise over time.

Whenever specific items are included in the following list, they are presented to provide examples and are not intended to limit the generality of the broader description of authorized projects. The order in which particular projects are listed is not intended to indicate priority for funding or completion. The itemization of projects in the list below does not guarantee that all such projects will be undertaken. The ability of the District to undertake and complete the listed projects is subject to the adequacy and availability of sufficient funding sources.

CONSTRUCTION OF RENTAL HOUSING FOR DISTRICT TEACHERS AND STAFF

Bond proceeds will be expended to design, build and acquire low cost teacher-staff rental housing to be located at a suitable site to be designated by the District. The provision of such rental housing units is intended to allow Patterson Joint Unified School District teachers and staff members to live in or near the communities in which they work and to provide the District with the ability to better attract and retain quality staff. Project costs may include but are not limited to:

COMPLETE TEXT OF MEASURE N-Continued

- Design, construction and acquisition of rental housing units
- Acquisition of land as the site for the housing units
- Parking lot construction and improvement as needed
- Architect and engineering fees
- General contractor fees
- Labor and material costs
- Sewer capacity improvements
- Environmental review
- Rezoning application fees as required
- Municipal licensing fees as required

The bond projects described in this Bond Project List include the costs of furnishing and equipping such facilities, and all costs which are incidental but directly related to the types of projects described above.

Examples of incidental costs include, but are not limited to: costs of design, engineering, architect and other professional services, facilities assessments, inspections, site preparation, utilities, landscaping, construction management and other planning and permitting, legal, accounting and similar costs; independent annual financial and performance audits; a customary construction contingency; demolition and disposal of existing structures; the costs of interim housing and storage during construction including relocation and construction costs incurred relating to interim facilities; rental or construction of storage facilities and other space on an interim basis for materials and other equipment and furnishings displaced during construction; costs of relocating facilities and equipment as needed in connection with the projects; interim classrooms and facilities for students, administrators, and school functions, including modular facilities; federal and state-mandated safety upgrades; addressing unforeseen conditions revealed by construction/modernization and other necessary improvements required to comply with existing building codes, including the Field Act; access requirements of the Americans with Disabilities Act; costs of the election; project construction oversight, management and administration during the duration of such projects, including by District personnel, and bond issuance costs.

Unforeseen conditions may arise during the course of planning, design and construction resulting in the scope and nature of any of the specific projects described above being altered by the District. In the event that the District determines that a modernization or renovation project is more economical for the District or otherwise in the District's best interests to be undertaken as new construction, this bond measure authorizes said new construction, including land acquisition, relocation, expansion and construction and/or reconstruction, and all costs relating thereto. In addition, this measure authorizes the acquisition of real property, including necessary rights of ways or other real property interests, required to expand District facilities, to provide access to school or other District facilities, or to provide additional school or related facilities. Further, authorized projects include reimbursements for project costs previously paid and paying and/or prepaying interim or previously obtained financing for the types of projects included on the project list, such as bond anticipation notes, and including payment and prepayment of lease payments relating to projects and/or equipment previously financed. Finally, projects on this list may be undertaken and used as joint use projects with other public agencies.

TAX RATE STATEMENT

MEASURE N-PATTERSON JOINT UNIFIED SCHOOL DISTRICT

An election will be held in the Patterson Joint Unified School District (the "District") on March 3, 2020, to authorize the sale of up to \$32.5 million in bonds of the District to finance school facilities as described in the measure. If such bonds are authorized and sold, principal and interest on the bonds will be payable only from the proceeds of *ad valorem* 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. Such 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 District's assessed valuation, the following information is provided:

1. The best estimate of the average annual tax rate which would be required to be levied to fund this bond issue over the entire duration of the bond debt service, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 of assessed valuation (or \$40.00 per \$100,000 of assessed value). The final fiscal year in which the tax is anticipated to be collected is 2048-49.
2. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 of assessed valuation (or \$40.00 per \$100,000 of assessed value). It is estimated that such rate would be levied starting in fiscal year 2020-21 and following.
3. 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 approximately \$59.84 million.

Voters should note the estimated tax rate is based on the assessed value (not market value) of taxable property on the County's official tax rolls. 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. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

The attention of all voters is directed to the fact that the foregoing information is based upon projections and estimates only, which amounts are not maximum amounts and are not binding upon the District. The actual debt service, tax rates and the years in which they will apply may vary from those used to provide the estimates set forth above, due to factors such as variations in the timing of bond sales, the par amount of bonds sold and market interest rates available at the time of each sale, actual assessed valuations over the term of the bonds, and other factors. The date and amount of bonds sold at any given time will be determined by the District based on the need for project funds and other considerations. The actual interest rates at which the bonds will be sold will depend on conditions in the bond market at the time of sale. Actual

TAX RATE STATEMENT-Continued

future assessed valuations 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.

Philip Alfano
Ed.D., Superintendent, Patterson Joint Unified School District

ARGUMENT AGAINST MEASURE N

When the Patterson Joint Unified School District trustees ask voters to grant them bond debt like in Measure N, what are they saying? They are admitting that everything they are already spending our tax dollars on, is more important than the project for which this gigantic loan is being sought.

Do you agree?

Patterson Joint Unified School District's 2017-18 budget (\$71,082,982) is the written demonstration of the trustees' real priorities. The budget shows that every educational dollar they spend today is going to something they consider a higher priority than "constructing teacher-staff rental housing."

Do you agree?

The District thinks teachers are having a hard time affording housing, so rather than give them pay increases, they want to become landlords instead, with us footing the bill.

Do you agree?

The District has already put over \$53,400,000 on the ballot, and we are undoubtedly still paying principal and interest payments on that massive debt.

Now, they want to saddle us with another \$32,500,000 in bond debt, with 25-30 years of principal and interest payments, to provide housing below market value to teachers and school staff, rather than give them a living wage.

Borrowing **\$32,500,000** and paying up to 12% interest for 30 years could mean **most of our money will be squandered on principal and interest payments**, not discounted rental property for teachers!

Simply put: bonds are debt inflicted on current and future (30 years) taxpayers.

Vote NO and send a message that our priority is children's education—not more debt, and certainly not becoming landlords.

Tell the District, "NO MORE DEBT!"

If you value your "affordable" housing more than paying debt principal and interest payments for 30 years, please vote NO on Measure N.

Want more information? www.SVTaxpayers.org

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

NO ARGUMENT IN FAVOR OF MEASURE N WAS SUBMITTED