



AGENDA ITEM NO.

C11

COUNTY OF HUMBOLDT

For the meeting of: March 13, 2018

Date: February 23, 2018

To: Board of Supervisors

From: Kelly E. Sanders, Clerk/Recorder/Registrar of Voters ^{KS}

Subject: Resolution Requesting Consolidation of Pacific Union School District Bond Election with the June 5, 2018, Statewide Direct Primary Election

RECOMMENDATION(S):

That the Board of Supervisors:

1. Direct the Registrar of Voters to conduct, and give notice of, a general obligation bond election for the Pacific Union School District;
2. Consolidate this election with the Statewide Direct Primary Election to be held on June 5, 2018;
3. Direct Pacific Union School District to reimburse the County of Humboldt for costs incurred pursuant to this request; and,
4. Request the Clerk of the Board forward the signed Board Order and copy of Pacific Union School District Resolution calling for an election authorizing the issuance of general obligation bonds to the Humboldt County Office of Elections.

SOURCE OF FUNDING:

Pacific Union School District

Prepared by Kelsay Higdon

CAO Approval 

REVIEW:	Auditor _____	County Counsel <u>WE</u>	Human Resources _____	Other _____
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TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Wilson Seconded by Supervisor Bass

Ayes Bass, Sundberg, Bohn, Wilson

Nays _____

Abstain _____

Absent Fennell

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 3/13/18

By: 
Kathy Hayes, Clerk of the Board

DISCUSSION:

On January 18, 2018, the Pacific Union School District passed the Resolution which orders a general obligation bond election to authorize the issuance of school bonds in the amount of \$5,600,000, subject to the approval of 55% of the votes cast by the qualified electorate. Further, the Resolution requests that the Humboldt County Board of Supervisors consolidates the election with the Statewide Direct Primary Election to be held on June 5, 2018, directs county election officials to conduct the necessary election, and states that the Pacific Union School District agrees to reimburse the county for all costs associated with the bond election.

The question to be submitted to the voters shall read:

“To improve the quality of education with funding that cannot be taken by the State; repair or replace leaky roofs; increase student access to computers and technology and modernize/renovate classrooms, restrooms and school facilities; shall Pacific Union School District issue \$5,600,000 of bonds, at legal rates, raising approximately \$319,000 annually through 2053 at a rate of 3 cents per \$100 of assessed valuation and have independent citizens’ oversight with NO money used for administrative salaries?”

FINANCIAL IMPACT:

This item will not affect the General Fund. All funds advanced by the General Fund will be fully reimbursed by Pacific Union School District.

This item meets the Board of Supervisor’s Strategic Framework by providing appropriate levels of community service and building interjurisdictional and regional cooperation.

OTHER AGENCY INVOLVEMENT:

Pacific Union School District

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could decline to approve the consolidation. This is not recommended as this request is compliant with Election Code, Section 10403.

ATTACHMENTS: Resolution, Full Text of Bond Measure, Abbreviated Form of Bond Measure, and Tax Rate Statement.

RECEIVED

FEB 22 2018
HUMBOLDT COUNTY
ELECTIONS

OFFICE OFFICE

PACIFIC UNION SCHOOL DISTRICT
Humboldt County, State of California

2017-18

RESOLUTION NO.

**RESOLUTION CALLING FOR AN ELECTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS OF THE DISTRICT AT AN ELECTION TO BE
HELD JUNE 5, 2018**

WHEREAS, the Board of Trustees (the "Board") of the Pacific Union School District (the "District"), within the County of Humboldt, California (the "County"), is authorized to order elections within the District for the purpose of considering, *inter alia*, bond measures to meet the ongoing capital improvement needs of the District, pursuant to the Constitution of the State of California (the "State") and the Education Code of the State (the "Education Code"); and

WHEREAS, Section 18 of Article XVI and Section 1 of Article XIII A of the Constitution of the State and Section 15266 *et seq.* of the Education Code (collectively, "Prop 39") provide for a methodology by which the District may call for an election and, upon approval by 55% or more of the qualified voters voting on the bond measure, issue its general obligation bonds and cause the County to levy an *ad valorem* property tax to pay debt service on said bonds; and

WHEREAS, this Board has determined it to be in the best interests of the District to call such an election under Prop 39, as further described herein; and

WHEREAS, June 5, 2018 (the "Election Date") meets the consolidation requirements of the Education Code and any County or local measure or election may be consolidated with the Statewide primary election then pending; and

WHEREAS, the Board wishes to specify the manner in which the District shall call a bond election on the Election Date and to demonstrate compliance with related requirements of the Constitution, the Education Code and the Elections Code of the State;

NOW, THEREFORE, be it hereby resolved, determined and ordered by the Board of Trustees of the Pacific Union School District as follows:

Section 1. Recitals. All of the foregoing recitals are true.

Section 2. Determination to Proceed under Prop 39. The provisions of Prop 39 shall control the administration of the election to consider the bond proposition of the District (the "Bond Proposition"), such that a favorable vote of no less than 55% of the qualified voters voting at the election shall constitute approval thereof, and the Board of Trustees of the District (the "Board") hereby declares its intention to meet the pertinent requirements of Prop 39.

Section 3. Bond Proposition. This Board does hereby order and request that the Humboldt County Clerk, Recorder and Registrar of Voters (herein called the "Registrar") call an

election (in the performance of her duties and in the exercise of her power, alone, or with the assistance of such other officers of the County as she may request) to consider the proposition attached hereto as **Exhibit A** on June 5, 2018 (the "Bond Measure"), which constitutes the election order prescribed under California Education Code Section 15122 and Elections Code 13247.

The Registrar is hereby requested to reprint **Exhibit A** in its entirety in the voter information pamphlet to be distributed to voters pursuant to Section 13307 of the Elections Code. As required under Elections Code Section 13247, the abbreviated form of the Bond Measure to appear on the ballot is attached hereto as **Exhibit B**. Pursuant to Section 18, Article XVI and Section 1, Article XIII A of the Constitution of the State, the foregoing Bond Measure shall become effective upon the favorable vote of no less than 55% of those qualified voters voting on the proposition.

Section 4. Consolidation of Bond Election; Services of County. Pursuant to Section 1258 of the Education Code, the Superintendent of the District is hereby authorized to contract with the Registrar, who is hereby requested and authorized to perform such duties as may be required by law, necessary or useful, or customary and appropriate in the conduct of said Bond Election, including the consolidation of the Bond Election with the general election within the territory of the District being conducted on the Election Date.

The precincts, polling places for said precincts in the County, and persons appointed and designated to serve as election officers for said Bond Election will be those determined, designated, and appointed pursuant to state law by the Registrar. The County is hereby requested to tally and canvass the returns of the election, in accordance with Section 10411 of the Elections Code. The District agrees to reimburse the County for all services related to the Bond Election, such services to include the publication of the Formal Notice and a Tax Rate Statement (described in Section 9401 of the Elections Code) pursuant to the terms of 5363 of the Education Code and Section 12112 of the Elections Code.

Section 5. Approval of Project List; Accountability Safeguards. The District has developed a list of certain capital projects which are a priority in order to meet the obligations of the District to provide education to the children of its residents, as more particularly identified on **Exhibit A** hereto, which is incorporated herein by this reference. **Exhibit A** is hereby certified by this Board as the Project List (the "Project List") for funding, either in whole or in part, with the proceeds of the Bonds. This certification of the Project List shall not be interpreted by and does not constitute an official approval of any listed project for the California Environmental Quality Act ("CEQA") or other purposes, but only as a statement of present intention of this Board. Furthermore, the listing of a capital improvement on the Project List does not imply any particular prioritization among such improvements, which remains the province of the Board by subsequent action. Notwithstanding the foregoing, only those acquisitions and other capital improvements included on the Project List may be funded, in whole or in part, with the proceeds of the Bonds. Additional moneys may be obtained for listed projects, in supplementation of the Bond proceeds, from any lawful source of moneys.

The Board hereby confirms that it has, in the development of the Project List appended hereto, evaluated and taken into consideration safety, class size reduction and information technology needs.

Section 6. Citizens' Oversight Committee. Pursuant to Section 15278 *et seq.* of the Education Code, within 60 days following the certification by this Board of the official results of the Bond Election by the County, this Board is required to appoint a Citizens Oversight Committee (the "Committee") to insure the District's compliance with the foregoing restrictions and to perform the duties established under the Education Code for such committees. To assist the Committee in its statutory obligations, the District shall cause to be conducted an annual independent performance audit and an annual independent financial audit on the expenditure of Bond proceeds; the audits shall be performed under contract with appropriate persons or firms as shall be subsequently brought for approval before this Board. The financial audit may be consolidated with the annual audit of the District's financial statement and may be performed by the same accounting firm, without further approval by this Board.

The results of the annual audits performed hereunder shall be reported to the Board and to the Committee at least annually, and more often, if the Board shall so direct.

Section 7. No Administrators' or Teachers' Salaries to Be Paid from Bond Proceeds. In accordance with Prop 39, the Board hereby confirms that no administrators' or teachers' salaries shall be paid or reimbursed, in whole or in part, from Bond proceeds, nor shall such proceeds be used to pay any other operating expenses of the District. Notwithstanding the foregoing, costs of administering the Bond Election and costs of issuance of the Bonds shall be lawful charges against Bond proceeds.

Section 8. Other Terms of the Bonds. The maturity of any bonds issued pursuant to the Bond Measure and under Chapter 1.5, Part 10, Division 1, Title 1 of the Education Code (commencing with Section 15264), as amended, and Article XIII A of the California Constitution ("Article XIII A") shall not exceed twenty-five (25) years as to maturity and shall bear interest at a rate not to exceed the maximum legal interest rate per annum. The maturity of any bonds issued pursuant to the Bond Measure and under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, as amended, applicable provisions of the Education Code and Article XIII A shall not exceed the applicable legal limits as to maturity, or, in the case of bonds the interest on which is compounded, the maturity shall not exceed twenty-five (25) years, and shall bear or accrete interest at a rate not to exceed the maximum legal interest rate.

Section 9. Approval of Election Consolidation; Delivery of Order of Election. The Clerk of the Board is hereby directed to deliver, no later than March 7, 2018, one certified copy of this Resolution to the Board of Supervisors of the County with a copy to the Registrar, together with the Tax Rate Statement to be prepared by the District's Financial Advisor (appointed below) and executed by the Superintendent of the District.

Section 10. Ballot Arguments. The members of the Board, or any one member or group thereof, are hereby authorized, but not directed, to file a formal Argument in Favor of the Bond Measure given above, with the Registrar within the time limits established for such arguments by the Registrar.

Section 11. Retention of Consultants. The District hereby confirms the hiring of consultants to provide for special services in connection with the proposed issue(s) of Bonds which may be authorized at the Election, to wit, (i) the law firm of Dannis Woliver Kelley as

Bond Counsel to the District ("Bond Counsel") and (ii) the financial advisory firm of Isom Advisors Inc., a division of Urban Futures Inc., as Financial Advisor to the District (the "Financial Advisor"), upon conditions as may be set forth in the respective fee agreements heretofore negotiated and executed on behalf of the District by the Superintendent.

Section 12. Reimbursement of Qualified Project Expenditures. The Board presently intends and reasonably expects to have tax-exempt obligations (the "Obligations") issued on its behalf within 18 months of the date of the expenditure of moneys on the Projects outlined in the foregoing Project List or the date upon which a Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date the original expenditure of such moneys is paid), and to allocate an amount not to exceed 10% of the proceeds thereof to the reimbursable expenditures in connection with the Project, as may be qualified under the provisions of Section 1.150-2 of the Treasury Regulations of the Internal Revenue Service (the "Reimbursable Expenditures"). All of the Reimbursable Expenditures covered by this Resolution were paid not earlier than 60 days prior to the date of this Resolution. The Board intends to allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the District for the Reimbursable Expenditures. With respect to the proceeds of the Obligations allocated to reimburse the District for prior expenditures, the Board hereby covenants not to employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issuer of tax-exempt obligations.

The above provision is made solely for the purpose of establishing compliance with the requirements of said Section 1.150-2 of the Treasury Regulations. This provision does not bind the District or the Board to make any expenditure, incur any indebtedness, or proceed with the financing, acquisition or construction of the Project.

Section 13. Ratification. All actions heretofore taken by the officers, or their respective designees, employees and agents of the Board and the District in connection with the financing of the facilities on the Project List are hereby ratified and confirmed. The officers and their designees, the employees and agents of the Board and the District are hereby authorized to take any and all actions in connection with the financing of said facilities and as may be necessary and consistent with the purposes of this Resolution.

Section 14. Authorization of Further Acts. The members of this Board, the Superintendent, any assistant thereto, and all other staff or officers of the District are hereby authorized and directed, individually and collectively, to do any and all things necessary or advisable in order to effectuate the purposes of this Resolution.

Section 15. Effective Date. This Resolution shall take effect immediately upon its adoption by the Board.

PASSED AND ADOPTED this 18th day of Jan., 2018, by the Board of Trustees of Pacific Union School District, at Arcata, California, by the following vote:

AYES: Members: Jason Barr, Karan Collenberg,
Chris Emmons, Dirk Luoma, Ted Weller

NOES: Members: 0

ABSENT: Members: 0

ABSTAIN: Members: 0

By: _____

Jason Barr

President, Board of Trustees

EXHIBIT "A"

FULL TEXT BALLOT PROPOSITION OF THE PACIFIC UNION SCHOOL DISTRICT BOND ELECTION FOR JUNE 5, 2018

"To improve the quality of education with funding that cannot be taken by the State; repair or replace leaky roofs; increase student access to computers and technology and modernize/renovate classrooms, restrooms and school facilities; shall Pacific Union School District issue \$5,600,000 of bonds, at legal rates, raising approximately \$319,000 annually through 2053 at a rate of 3 cents per \$100 of assessed valuation and have independent citizens' oversight with NO money used for administrative salaries?"

Bond proceeds will be expended to modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District.

The school facilities projects to be funded include, but shall not be limited to:

- Repair or replace leaky roofs
- Upgrade inadequate electrical systems
- Repair or replace deteriorating plumbing and sewer systems
- Construct, replace and modernize outdated classrooms, restrooms and school facilities
- Repair or replace outdated heating, ventilation and air-conditioning systems
- Replace outdated and energy-inefficient windows
- Replace temporary portables with permanent classrooms
- Upgrade playgrounds and playfields for school and community use
- Improve student access to computers and modern technology
- Make water conservation and energy efficiency improvements
- Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Make health, safety and handicapped accessibility improvements
- Abate and remove hazardous materials identified prior to or during construction
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds including to eliminate safety hazards and improve outside instructional areas

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 list also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim

funding incurred to advance fund projects from the 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. 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: renovation of student and staff restrooms; repair and replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of worn-out and leaky roofs, windows, walls, doors and drinking fountains; installation wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities, including administrative, physical education/athletic facilities and performing arts buildings and maintenance yards; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, turf and irrigation systems and campus landscaping and play fields; expand parking; install interior and exterior painting and floor covering; demolition; and construction of various forms of storage and support spaces, upgrade classrooms, bleachers, kitchens, repair, upgrade and install interior and exterior lighting systems; replace outdated security fences and security systems. 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 District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will 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 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.

EXHIBIT B

**BOND MEASURE
(Abbreviated Form)**

“To improve the quality of education with funding that cannot be taken by the State; repair or replace leaky roofs; increase student access to computers and technology and modernize/renovate classrooms, restrooms and school facilities; shall Pacific Union School District issue \$5,600,000 of bonds, at legal rates, raising approximately \$319,000 annually through 2053 at a rate of 3 cents per \$100 of assessed valuation and have independent citizens’ oversight with NO money used for administrative salaries?”	Bonds- YES
	Bonds- NO

**TAX RATE STATEMENT
REGARDING PROPOSED**

**\$5.6 MILLION
PACIFIC UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS**

An election will be held in the Pacific Union School District (the "District") on June 5, 2018, to authorize the sale of up to \$5.6 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 \$0.03 per \$100 of assessed valuation (or \$30 per \$100,000 of assessed value). The final fiscal year in which it is anticipated that the tax will be collected is 2052-53.
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 \$0.03 per \$100 of assessed valuation (or \$30 per \$100,000 of assessed value). It is estimated that such rate would be levied starting in fiscal year 2018-19 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 \$11.1 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 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.

By: *Karla K Dainall*
Superintendent
Pacific Union School District