ITEM REQUIRING ATTENTION----BOARD OF TRUSTEES

To: **Board of Trustees** **Meeting Date: July 8, 2014**

From: **Dr. Donald Wallace, Superintendent/President** **Agenda Item: Action**

Subject: Resolution No.14-10 D 21: Resolution of the Board of Trustees of the Palo Verde Community College District Ordering an Election, and Establishing Specifications of the Election Order

Background Information:

Comment:

The resolution before the Board calls an election within the District for the purpose of approving general obligation bonds, requests the Riverside County Registrar of Voters and the San Bernardino Registrar of Voters conduct the election on behalf of the District, and authorizes the preparation of election materials including a ballot argument and tax rate statement, to be included in the ballot pamphlet.

State law requires the Board of Trustees to order community college district elections. Because the District has property in more than one county, each of the Riverside County Registrar of Voters and the San Bernardino County Registrar of Voters will conduct the election on behalf of the District, including publishing all required notices. This resolution meets the statutory requirements for describing the projects to be funded with the proceeds of the bonds, which is included as Exhibit B to the resolution. A 75-word summary of the measure, as it will appear on the ballot, is also included in the resolution as Exhibit A. The resolution also authorizes the preparation and filing of a tax rate statement, which must be included in the ballot pamphlet, describing the anticipated rates of tax throughout the life of the bond issue. The resolution also authorizes, but does not commit, the Board and/or individual members of the Board to prepare and sponsor a ballot argument in support of the bond measure. No more than five (5) persons may sign the ballot argument.

This election will be called under constitutional and statutory provisions that require fifty-five percent (55%) voter approval, and certain accountability requirements, including annual independent financial and performance audits of how funds are spent, and the formation of a Citizens' Bond Oversight Committee. Following adoption, the resolution (including the signed tax rate statement) must be delivered to the Registrar of Voters and the Board of Supervisors. State law requires that 2/3rd of a school board support the resolution calling an election requiring 55% voter approval. At least five (5) Board members must be present and vote "Yes" in order to call the election.

Recommended Action: That the Board approve Resolution No. 14-10 D 21 authorizing a bond election for November 4, 2014.

EXHIBIT A

PALO VERDE COLLEGE LOCAL, AFFORDABLE EDUCATION AND JOB TRAINING MEASURE. "To upgrade classrooms, prepare students for four-year universities and high-skilled good paying jobs, expand facilities for career technical education, support veterans, nursing, agriculture programs, shall Palo Verde Community College District provide an affordable local education, partially retire campus construction debt to reduce costs, repair, acquire/construct facilities and equipment by issuing $12,500,000 in bonds at legal rates, requiring citizens' oversight, annual independent audits, with no funds taken by the State and all funds used locally?"

Bonds – Yes

Bonds – No

EXHIBIT B

FULL TEXT BALLOT PROPOSITION

PALO VERDE COMMUNITY COLLEGE DISTRICT
BOND MEASURE ELECTION NOVEMBER 4, 2014

PALO VERDE COLLEGE LOCAL, AFFORDABLE EDUCATION AND JOB TRAINING MEASURE. "To upgrade classrooms, prepare students for four-year universities and high-skilled good paying jobs, expand facilities for career technical education, support veterans, nursing, agriculture programs, shall Palo Verde Community College District provide an affordable local education, partially retire campus construction debt to reduce costs, repair, acquire/construct facilities and equipment by issuing $12,500,000 in bonds at legal rates, requiring citizens' oversight, annual independent audits, with no funds taken by the State and all funds used locally?"

Bonds – Yes Bonds – No

PROJECTS

The Board of Trustees of the Palo Verde Community College District, to be responsive to the needs of its community, evaluated Palo Verde College's urgent and critical facility needs, and its capacity to provide local students and veterans an **affordable education** and prepare them for **transfer to a four-year university** and good paying careers. **Career technical education,** job training, safety issues, enrollment, class size and class offerings, and information and computer technology infrastructure were each considered, in developing the scope of projects to be funded. In developing the scope of projects, the faculty, staff, students and community have **prioritized local job training** and job placement needs, particularly in welding, construction, automotive, technology, nursing and agriculture, as well as facilities available to support an affordable education, so that the most critical needs that will make the Palo Verde College an effective place for learning, would be addressed. In implementing the projects for the Palo Verde College, the Board of Trustees determines that **Palo Verde College MUST:**

(i) Provide AFFORDABLE, LOW-COST, HIGH QUALITY EDUCATION needed to successfully TRANSFER TO FOUR-YEAR UNIVERSITIES, and develop job skills; and

(ii) Improve the local economy by providing a better educated and trained workforce;

(iii) Provide essential career technical education, job training and workforce preparation for students of all ages, including among others, training in welding, construction, automotive technology, and health services; and

(iv) Adhere to stringent FISCAL ACCOUNTABILITY safeguards including:

(a) **Require annual financial audits,**

(b) Require citizens' oversight of all funds,

(c) No funds will be used for administrators' salaries and pensions,

(d) ALL FUNDS WILL BE SUBJECT TO LOCAL CONTROL AND WILL REMAIN LOCAL AT PALO VERDE COLLEGE.

The following types of projects are authorized to be undertaken at Palo Verde College:

Academic Facility and Technology Upgrade Projects To Help Local Students and Veterans Transfer to Four-Year Universities or be Trained For Good Paying Jobs

Goal and Purpose: Ensuring local students, including veterans, are either prepared for transfer to University of California or State college systems or trained for in-demand, good paying jobs are major objectives of Palo Verde College.

Since the cost of attending a public university has risen to as much as six (6) times that of attending Palo Verde College, students rely on Palo Verde College to save as much as $35,000 in tuition on their way to a four-year degree. Therefore, keeping Palo Verde's facilities upgraded will best serve all local students who can earn college credits, certificates and job skills at a reasonable price:

Thus the District requires FUNDS that ARE LOCALLY CONTROLLED and CANNOT BE TAKEN BY THE STATE to improve academic facilities and technology implementations which will allow them to continue providing ACCESS TO AFFORDABLE, HIGH QUALITY EDUCATION to local students, including:

- **Upgrade and expand facilities for career training in well-paying careers and transfer to universities.**
- **Improve classrooms, instructional facilities and programs in career technical education in welding, construction, automotive technology**, nursing, and other health care professions.
- Expand support facilities for veterans to provide career training and support services to returning veterans seeking training or retraining to reenter the workforce.
- Pay off college facilities construction loan, to free up money for additional programs and courses.
- Install additional technology infrastructure to improve computer technology and Internet access.
- **Improve classrooms, science, technology, and computer labs to train students for high wage jobs in the 21st Century economy.**

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FISCAL ACCOUNTABILITY

This bond measure has strict accountability requirements including (a) an independent Citizens' Oversight Committee with representation from throughout our region; (b) annual financial audits to make sure money is being spent as promised; (c) no money from this measure will go towards salaries or pensions, and (D) ALL MONEY WILL STAY LOCAL AND CANNOT BE TAKEN BY THE STATE.

1. 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 faculty and college administrator salaries, pensions and other operating expenses.

2. **FISCAL ACCOUNTABILITY. 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.**

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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. In addition to the listed projects stated above, authorized projects also include 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 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 college activities caused by construction projects. In addition to the projects listed above, repair, upgrade of facilities for energy efficiencies; installation of wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; support facilities/programs in welding, construction, automotive technology, nursing, culinary arts and agriculture. The project list also includes the refinancing of outstanding lease obligations. The upgrading of technology infrastructure includes, but is not limited to, the funding of a technology endowment, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, information systems, printers, digital white boards, upgrade voice-over-IP, communication systems, audio/visual and telecommunications systems, call manager and network security/firewall, Internet connectivity, computers, wireless systems, technology infrastructure, and other miscellaneous equipment.

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. 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.

Palo Verde Community College District
2014 Bond Election
Tax Rate Statement

An election will be held in the Palo Verde Community District (the "District") on November 4, 2014, to authorize the sale of up to $12,500,000 in bonds of the District to finance projects as described in the proposition. If the bonds are approved, the District expects to issue the Bonds in one or 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 9404 of the California Elections Code.

1. The best estimate of the tax which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is $0.02500 per $100 ($25.00 per $100,000) of assessed valuation in fiscal year 2015-16.

2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is $0.02500 per $100 ($25.00 per $100,000) of assessed valuation in fiscal year 2015-16.

3. The best estimate of the highest tax rate which 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 $0.02500 per $100 ($25.00 per $100,000) of assessed valuation, which is projected to be the same in every fiscal year that the bonds remain outstanding.

Voters should note that estimated tax rates are based on the ASSESSED VALUE of taxable property on the County's official tax rolls, not on the property's market value, which could be more or less than the assessed value. 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. Certain taxpayers may also be eligible to postpone payment of taxes. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the District based on need for construction 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.