

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

WHEREAS, the Board of Trustees (the “Board”) of the Palo Verde Community College District (the “District”) has determined that certain educational facilities, infrastructure and equipment need to be constructed, renovated, and acquired in a fiscally prudent manner, to enable Palo Verde College to remain a valuable community resource that provides an affordable, local education, and increases the educational opportunities of all local students who desire to learn in-demand job skills or transfer to four-year universities; and

WHEREAS, since the costs of attending a U.C. and State college are becoming so expensive, more than six times that of attending a community college, more students are relying on community colleges, such as Palo Verde College, and the high quality, affordable college options they provide; and

WHEREAS, in today’s economic times and competitive job environment, the District must continue providing important training and education for local residents entering the workforce for new professions and income opportunities, as well as for local students to earn college credits, certifications and job skills all at a reasonable price; and

WHEREAS, the District has supported our military veterans, many of whom have recently returned from war zones and face post-traumatic stress disorder and permanent disabilities and need better access to academic tutoring, job placement programs and counseling services, and need to be trained or retrained as they re-enter the civilian workforce; and

WHEREAS, notwithstanding ongoing efforts to obtain sufficient facility money from the State of California (the “State”), the State has been unable to provide the District with enough money for the District to adequately improve Palo Verde College for all their students; and

WHEREAS, the District has an outstanding facilities construction loan, which, if paid down, would free up money for additional educational programs and courses; and

WHEREAS, the Board has received information regarding the feasibility of a local bond measure and the District’s bonding capacity; and

WHEREAS, a local measure will help provide funds that cannot be taken away by the State to support local college transfer and job training efforts and help increase enrollment and offset State budget cuts; and

WHEREAS, such local measure will include mandatory taxpayer protections, including an independent citizens’ oversight of all funds and mandatory annual financial audits to ensure funds are spent only as authorized; and

WHEREAS, the Board and District has solicited stakeholder and community input on priorities from students, faculty, staff, and the community; and

WHEREAS, in the judgment of the Board, it is advisable to provide additional funding to prepare local students for transfer to four-year colleges and universities, and/or successful jobs and careers, by means of a general obligation bond, issued in a financially prudent manner; and

WHEREAS, Proposition 46, approved by the voters of the State of California on June 3, 1986 (“Proposition 46”), amended Section 1(b) of Article XIII A of the California Constitution by adding a provision which exempts from the 1% of full cash value limitation, those *ad valorem* taxes used to pay for debt service on any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by voters voting on the proposition; and

WHEREAS, on November 7, 2000, the voters of California approved the Smaller Classes, Safer Schools and Financial Accountability Act (“Proposition 39”) which reduced the voter threshold for *ad valorem* tax levies used to pay for debt service or bonded indebtedness to 55% of the votes cast on a community college district general obligation bond; and

WHEREAS, concurrent with the passage of Proposition 39, Chapter 1.5, Part 10, Division 1, Title 1 (commencing with Section 15264) of the Education Code (the “Act”) became operative and established requirements associated with the implementation of Proposition 39; and

WHEREAS, the Board desires to make certain findings herein to be applicable to this election order and to establish certain annual financial audit requirements standards of financial accountability and citizen oversight which are contained in Proposition 39 and the Act; and

WHEREAS, the Board determines that, in accordance with Opinion No. 04-110 of the Attorney General of the State of California, the restrictions in Proposition 39, which prohibit any bond money from being wasted or used for inappropriate administrator salaries and other operating expenses of the District shall be strictly enforced by the District’s Citizens’ Oversight Committee; and

WHEREAS, pursuant to Education Code Section 15270, based upon a projection of assessed property valuation, the Board has determined that, if approved by voters, the tax rate levied to meet the debt service requirements of the bonds proposed to be issued will not exceed the Proposition 39 limits per year per \$100,000 of assessed valuation of taxable property; and

WHEREAS, Section 9400 *et seq.* of the Elections Code of the State of California (the “Elections Code”) requires that a tax rate statement be contained in all official materials, including any ballot pamphlet prepared, sponsored or distributed by the District, relating to the election; and

WHEREAS, the Board now desires to authorize the filing of a ballot argument in favor of the proposition to be submitted to the voters at the election; and

WHEREAS, pursuant to the California Elections Code, it is appropriate for the Board to request consolidation of the election with any and all other elections to be held on Tuesday, November 4, 2014, and to request each of the Riverside County and San Bernardino County Registrars of Voters to perform certain election services for the District; and

WHEREAS, in the judgment of the Board, it is advisable to request each of the Riverside County and San Bernardino County Registrars of Voters to call an election pursuant to Proposition

39 on the question of whether general obligation bonds shall be issued and sold on behalf of the District for purposes set forth below.

NOW THEREFORE, THE BOARD OF TRUSTEES OF THE PALO VERDE COMMUNITY COLLEGE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the Board, pursuant to Education Code Sections 15100 *et seq.*, Sections 15264 *et seq.* and Government Code Section 53506, hereby requests each of the Riverside County Registrar of Voters and the San Bernardino County Registrar of Voters to call an election under the provisions of Proposition 39 and the Act and submit to the electors of the District the question of whether bonds of the District in the aggregate principal amount of \$12,500,000 (the “Bonds”) shall be issued and sold to raise money for the purposes described in Exhibits “A” and “B” hereto. Both exhibits are directed to be printed in the voter sample ballot pamphlet.

Section 2. That the date of the election shall be November 4, 2014.

Section 3. That the purpose of the election shall be for the voters in the District to vote on a proposition, a copy of which is attached hereto and marked Exhibit “A” and incorporated by reference herein, containing the question of whether the District shall issue the Bonds to pay for improvements to the extent permitted by such proposition. In compliance with Proposition 39 and the Act, the ballot proposition in Exhibit “A” is subject to the following requirements and determinations:

(a) the proceeds of the sale of the Bonds shall only be used for the purposes set forth in the ballot measure and not for any other purpose, including faculty and administrator salaries and other college operating expenses;

(b) that the Board, in compliance with Proposition 39, and in establishing the projects set forth in Exhibit “B”, evaluated the need to improve the local economy by providing a better educated and trained work force, as well the student safety, class size, class availability, information technology and the job training needs of the District;

(c) that the Board will cause to be conducted an annual, independent performance audit to ensure that the Bond moneys get expended for the projects identified in Exhibits “A” and “B” hereto;

(d) that the Board will cause an annual, independent financial audit of the proceeds from the sale of Bonds to be conducted until all of the Bond proceeds have been expended and accounted for;

(e) that the Board will cause the appointment of a Citizens’ Oversight Committee in compliance with Education Code Section 15278 no later than 60 days after the Board enters the election results in its minutes pursuant to Education Code Section 15274. The Citizens’ Oversight Committee shall initially consist of at least seven (7) members and at no time consist of less than seven (7) members, with the possible exception of brief periods to fill any unexpected vacancies. The Citizens’ Oversight Committee may not include any employee or official of the District or any vendor, contractor or consultant of the District. The Citizens’ Oversight Committee shall include, among others, the following: One (1) member who is active in a business organization representing

the business community located within the District; One (1) member who is active in a senior citizens' organization; One (1) member who is active in a bona fide taxpayer association. In furtherance of its specifically enumerated purposes, the Citizens' Oversight Committee may engage in any of the following activities relating solely and exclusively to the expenditure of the Proposition 39 bond proceeds:

- (i) Receive and review copies of the annual, independent financial and performance audits performed by independent consultant(s);
- (ii) Inspect District facilities and grounds to ensure that Proposition 39 bond revenues are expended in compliance with applicable law;
- (iii) Receive and review copies of all scheduled maintenance proposals or plans developed by the District;
- (iv) Review efforts of the District to maximize Proposition 39 bond revenues by implementing cost-saving programs;

(f) that the tax levy authorized to secure the bonds of this election shall not exceed the Proposition 39 limits per \$100,000 of taxable property in the District when assessed valuation is projected by the District to increase in accordance with Article XIII A of the California Constitution; and

(g) that prior to the issuance of any bonds for projects authorized by the measure, the Board shall determine that no bonds were being issued with a term longer than the useful life of the projects or equipment financed.

Section 4. That the authority for ordering the election is contained in Education Code Sections 15100 *et seq.*, 15340 *et seq.* and 15264 *et seq.* and Government Code Section 53506.

Section 5. That the authority for the specifications of this election order is contained in Section 5322 of the Education Code.

Section 6. That each of the Riverside County Registrar of Voters, the Riverside County Board of Supervisors, the San Bernardino County Registrar of Voters and the San Bernardino County Board of Supervisors are each hereby requested to consolidate the election ordered hereby with any and all other elections to be held on November 4, 2014 within the District.

Section 7. That this Resolution shall stand as the "order of election" to each of the Riverside County Registrar of Voters and the San Bernardino County Registrar of Voters to call an election within the boundaries of the District on November 4, 2014.

Section 8. That the Secretary of the Board is hereby directed to send a certified copy of this Resolution to each of the Riverside County Registrar of Voters and the San Bernardino County Registrar of Voters no later than August 8, 2014.

Section 9. That the Bonds may be issued pursuant to Section 15300 *et seq.* of the Education Code and pursuant to Section 53506 of the Government Code. The maximum rate of interest on any Bond shall not exceed the maximum rate allowed by Education Code Sections 15140 to 15143, as modified by Government Code Section 53531. The Board approves the filing with the

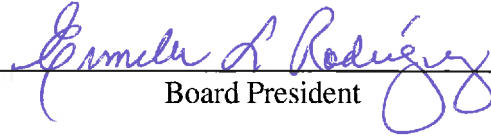
Riverside County Registrar of Voters and the San Bernardino County Registrar of Voters of a Tax Rate Statement and primary and rebuttal arguments, as appropriate, and directs their publication in accordance with the requirements of the Elections Code.

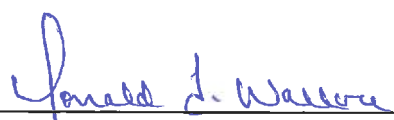
Section 10. That the Board requests the governing body of any such other political subdivision, or any officer otherwise authorized by law, to partially or completely consolidate such election and to further provide that the canvass be made by any body or official authorized by law to canvass the returns of the election, and that the Board consents to such consolidation.

Section 11. Pursuant to Section 5303 of the Education Code and Section 10002 of the Elections Code, the Boards of Supervisors of each of Riverside County and San Bernardino County is requested to permit the Registrar of Voters to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the District agrees to reimburse Riverside and San Bernardino Counties, such services to include the publication of a Formal Notice of School Bond Election and the mailing of the sample ballot and tax rate statement (described in Section 9401 of the Elections Code) pursuant to the terms of Section 5363 of the Education Code and Section 12112 of the Elections Code.

ADOPTED, SIGNED AND APPROVED this 8th day of July, 2014.

BOARD OF TRUSTEES OF THE PALO VERDE
COMMUNITY COLLEGE DISTRICT

By 
Board President

Attest:

Secretary

STATE OF CALIFORNIA)
)ss
RIVERSIDE COUNTY)

I, Dr. Donald G. Wallace, do hereby certify that the foregoing is a true and correct copy of Resolution No.14-10 D 21, which was duly adopted by the Board of Trustees of the Palo Verde Community College District at meeting thereof held on the 8th day of July, 2014, and that it was so adopted by the following vote:

AYES: 6
NOES: 0
ABSENT: 1
ABSTENTIONS: 0

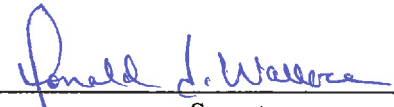
By 
Secretary

EXHIBIT A

“PALO VERDE COLLEGE AFFORDABLE EDUCATION/JOB TRAINING MEASURE. To upgrade classrooms, prepare students for four-year universities/high-skilled good paying jobs, improve facilities for career technical education, support veterans, nursing, agriculture programs, shall Palo Verde Community College District provide affordable local education, reduce campus construction debt to save money, repair, upgrade facilities/acquire equipment by issuing \$12,500,000 in bonds at legal rates, requiring citizens’ oversight, annual audits, 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 AFFORDABLE EDUCATION /JOB TRAINING MEASURE. To upgrade classrooms, prepare students for four-year universities/high-skilled good paying jobs, expand facilities for career technical education, support veterans, nursing, agriculture programs, shall Palo Verde Community College District provide affordable local education, reduce campus construction debt to save money, repair, upgrade facilities/acquire equipment by issuing \$12,500,000 in bonds at legal rates, requiring citizens’ oversight, annual audits, 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;**
- (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, agriculture, 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-down 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.

* * *

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.

* * *

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, 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.