Durham Unified School District Requests Consolidation of Measure on Ballot

The Durham Unified School District Board of Education submits Resolution No. 2017-18 (attachment 1), ordering a special school bond election, establishing specifications of the election order, and requesting consolidation of the election with the statewide General Election to be held on November 6, 2018 within the boundaries of the school district. The special election call for a school bond measure to be placed on the ballot.

If approved by 55% or more of the votes cast on the measure, the District shall be authorized to issue and sell bonds in the amount of $19,700,000 to provide financing for specific school facilities projects.

Fiscal Impact:
Costs incurred during the November 6, 2018 General Election are prorated on the basis of the level of services provided to each participating entity that is consolidated on the ballot. The expenditures and anticipated revenues are included in the 2018-19 fiscal year budget. The District will reimburse the County for costs.

Personnel Impact:
No personnel impact.

Action Requested:
Approve Consolidation.

Administrative Office Review: Andy Pickett, Deputy Chief Administrative Officer
DURHAM UNIFIED SCHOOL DISTRICT
Butte County, State of California

2017-18

RESOLUTION NO.

RESOLUTION CALLING FOR AN ELECTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS OF THE DURHAM UNIFIED SCHOOL DISTRICT AT
AN ELECTION TO BE HELD NOVEMBER 6, 2018

WHEREAS, the Board of Trustees (the "Board") of the Durham Unified School District
(the "District"), within the County of Butte, 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, November 6, 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 general 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 Durham Unified 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
Butte County Clerk-Recorder, 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 November 6, 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 shall be the measure selected by the Superintendent of the District and filed herewith 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 Education 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 XIIIa of the California Constitution (“Article XIIIa”) 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 XIIIa 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 July 13, 2018, one certified copy of this Resolution to the Registrar, together with the Tax Rate Statement attached hereto as Exhibit C 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 and the Superintendent (each, a "District Representative") are hereby authorized and directed, individually and collectively, to do any and all things that they deem necessary or advisable in order to effectuate the purposes of this Resolution, including selection of a final Ballot Measure. This Resolution and all of its Exhibits that are filed with the County Registrar by a District Representative shall constitute the final, binding ballot measure of the District and such submitted measure shall be deemed ratified and approved by the Board.
Section 15. **Effective Date.** This Resolution shall take effect immediately upon its adoption by the Board.

PASSED AND ADOPTED this 28 day of June, 2018, by the Board of Trustees of Durham Unified School District, at Durham, California, by the following vote:

AYES: Members: 4

NOES: Members: 0

ABSENT: Members: 1

ABSTAIN: Members: 0

By: [Signature]
President, Board of Trustees
EXHIBIT “A”

FULL TEXT BALLOT PROPOSITION OF THE
DURHAM UNIFIED SCHOOL DISTRICT BOND ELECTION
FOR NOVEMBER 6, 2018

By approval of this measure by at least fifty-five percent (55%) of the registered voters voting thereon, the Durham Unified School District shall be authorized to issue and sell bonds of up to $19.7 million in aggregate principal amount to provide financing for the specific school facilities projects listed below in the Bond Project List, subject to all of the accountability safeguards specified herein.

ACCOUNTABILITY MEASURES

The provisions in this section are included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all 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 Section 15264 et seq. of the California Education Code).

Evaluation of Needs. The Board has evaluated the facilities needs of the District and has identified projects to finance from a local bond measure at this time. The Board hereby certifies that it has evaluated safety, class size and information technology needs in developing the Bond Project List.

Independent Citizens’ Oversight Committee. The Board shall establish an Independent Citizens’ Oversight Committee in accordance with Education Code sections 15278-15282 and applicable Board policy, to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. An existing Citizens’ Oversight Committee may be empowered by the Board to oversee the expenditure of bond proceeds from this measure. The committee shall be so empowered, or a new committee established, within sixty (60) days of the date when the Board enters the results of the election in its official minutes.

Annual Performance Audit. The Board shall conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects described in the Bond Project List.

Annual Financial Audit. The Board shall conduct or cause to be conducted an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects described in the Bond Project List.

Annual Report to Board. Upon approval of this measure and the sale of any bonds approved, the Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent shall cause a report to be filed with the Board no later than January 1 of each year, commencing on the first January 1 after bonds have been issued and proceeds spent, stating (1) the amount of bond proceeds received and expended in the past fiscal year, and (2) the status of any project funded or to be funded from bond proceeds. The report may be incorporated into the annual budget, annual financial report, or other appropriate routine report to the Board.
BOND PROJECT LIST

This Bond Project List, which is an integral part of this proposition, describes the specific projects the District proposes to finance with proceeds of the bonds.

Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities on the Bond Project List, including the furnishing and equipping of said school facilities, or the acquisition or lease of real property for said school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

In order to meet all identified facility needs, the District intends to complete projects using a combination of funding sources. These sources may include joint-use funds, development impact fees, state funds (if available) and other available funds. The District will pursue state matching funds if and when they become available, and if received, they will be used for and mainly applied to projects on the Bond Project List or other high priority capital outlay expenditures as permitted in Education Code section 17070.63(c). No project is dependent on the receipt of state funding for completion.

Specific projects to be funded by the bond measure include, without limitation, the following:

School Renovation, Repair and Upgrade Projects

- Repair/replace existing plumbing systems to meet current codes, including drainage.
- Repair and upgrade roofs, ceilings, walls, and floors.
- Renovate, repair, expand and/or upgrade the interior and/or exterior of existing classrooms and school facilities, including infrastructure and landscaping improvements.
- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity.
- Update agriculture and vocational teaching facilities
- Install additional and/or replace outdated heating, ventilation, air conditioning systems, and lighting systems with building code compliant systems.
- Provide enhanced computer labs.
- Upgrade, expand, repair and/or equip science labs, multi-purpose rooms, food service facilities, auditoriums, libraries, and other school facilities.
- Replace existing window systems with energy efficient systems. Repair outdated temporary portable classrooms or replace with permanent classrooms.

School Site Health, Safety and Security Projects

- Upgrade or replace buildings that do not meet current minimum building code standards.
- Remove all dry rot and repair damage caused by dry rot.
- Replace/upgrade existing signage, bells, clocks and fire protection systems.
- Install, repair, upgrade, or replace safety and security systems for students and staff, including new fencing around the schools.
- Install energy efficient systems including “green” building projects and sustainable building practices to promote energy-efficiency.
- Upgrade and repair play areas and play fields.
- Upgrade, repair, or expand school site parking, driveways, walkways, ground, and utilities.
- Abate and remove hazardous materials identified prior or during construction.
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and improve outside instructional areas.
District-Wide Wiring and Technology for Instructional Support and Effective Learning Environment Projects

- Upgrade and expand campus wide-intercom and wireless systems, and telecommunications, internet, and network connections.
- Upgrade media, audio/visual equipment, and other technology for effective learning environments, including smart boards and “distance learning”.
- Upgrade and replace classroom equipment and instructional aides.

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; repair/replace deteriorating electrical, plumbing and sewer systems; upgrade agriculture and vocational teaching facilities; repair leaky roofs; and renovate classrooms, restrooms and school facilities; shall Durham Unified School District issue $19,700,000 of bonds at legal rates, generating on average $1,100,000 annually as long as bonds are outstanding from levies of approximately 6 cents per $100 assessed value, with annual audits, independent citizens' oversight, NO money for salaries and all money staying local?

Bonds—YES _____          Bonds – NO _____
EXHIBIT C

TAX RATE STATEMENT

An election will be held within the boundaries of Durham Unified School District (the "District") on November 6, 2018 to authorize the sale of up to $19.7 million in bonds to finance facilities as described in the proposition. If the bonds are approved, the District expects to sell the bonds in multiple series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property located within the District. The following information is provided in compliance with Sections 9400-9404 of the California Elections Code.

1. The best estimate of the annual average 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 estimated assessed valuations available at the time of filing of this statement, is 6 cents per $100 ($60 per $100,000) of assessed valuation. The final fiscal year in which the tax is anticipated to 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 estimated assessed valuations available at the time of filing of this statement, is 6 cents per $100 ($60 per $100,000) of assessed valuation, which rate would be levied while the bonds are outstanding.

4. The best estimate of total debt service, including principal and interest, which would be required to be repaid if all the bonds are issued and sold is $41,300,000.

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

Attention of all voters is directed to the fact that the foregoing information is based upon the District’s projections and estimates only, which are not binding upon the District. The actual tax rates, debt service and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the District based on need for construction funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the County Assessor in the annual assessment and the equalization process.

Signed: [Signature]
Lloyd Webb, Superintendent
Dated: [Date], 2018

C-1