

FALLBROOK UNION HIGH SCHOOL

(This Measure will appear on the ballot in the following form.)

MEASURE AA

Without increasing tax rates, shall Fallbrook Union High School District repair and upgrade aging classrooms and school facilities, including deteriorating roofs, plumbing and electrical systems; improve campus safety/security; upgrade career-training facilities, classrooms, and science labs supporting instruction in math, engineering, technology, science and skilled trades preparing students to be college and career ready; by issuing \$45,000,000 in bonds at legal interest rates, with independent citizens oversight, annual audits, no money for administrators, and all funds staying local?

Bonds—Yes

Bonds—No

This measure requires approval by 55% of the voters voting on the measure. Full text of this measure follows the arguments and rebuttals.

COUNTY COUNSEL IMPARTIAL ANALYSIS

This measure was placed on the ballot by the governing board of the Fallbrook Union High School District ("District"). This measure, if approved by 55% of the votes cast on the measure, will authorize the District to issue and sell \$45,000,000 in general obligation bonds. The sale of these bonds by the District is for the purpose of raising money for the District, and represents a debt of the District. In exchange for the money received from the bond holders, the District promises to pay the holders an amount of interest for a certain period of time, and to repay the bonds on the expiration date.

Voter approval of this measure will also authorize an annual tax to be levied upon the taxable property within the District. The purpose of this tax is to generate sufficient revenue to pay interest on the bonds as it becomes due and to provide a fund for payment of the principal on or before maturity.

Proceeds from the sale of bonds authorized by this measure may be used by the District for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.

The interest rate on any bond, which is established at the time of bond issuance, could not exceed 12% per annum. The final maturity date of any bond could be no later than 40 years after the date the bonds are issued as determined by the District.

The tax authorized by this measure is consistent with the requirements of the California Constitution. The California Constitution permits property taxes, above the standard one percent (1%) limitation, to be levied upon real property to pay the interest and redemption charges on any bonded indebtedness for, among other things, the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, when approved by 55% of the voters if:

COUNTY COUNSEL IMPARTIAL ANALYSIS (CONTINUED)

- (1) the proceeds from the sale of the bonds are used only for the purposes specified,
- (2) the District, by evaluating safety, class size reduction, and information technology needs, has approved a list of specific projects to be funded,
- (3) the District will conduct an annual, independent performance audit, and
- (4) the District will conduct an annual, independent financial audit.

If a bond measure is approved, state law requires the District to establish an independent citizens' oversight committee. The District has made this ballot measure subject to these requirements.

Approval of this measure does not guarantee that the proposed projects in the District that are the subject of these bonds will be funded beyond the local revenues generated by this measure.

A "YES" vote is a vote in favor of authorizing the District to issue and sell \$45,000,000 in general obligation bonds.

A "NO" vote is a vote against authorizing the District to issue and sell \$45,000,000 in general obligation bonds.

TAX RATE STATEMENT

An election will be held within the boundaries of Fallbrook Union High School District ("School District") on November 8, 2016, to authorize the sale of up to \$45,000,000 in bonds to finance facilities as described in the proposition. If the bonds are approved, the School 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 School District. The following information is provided in compliance with Sections 9400-9404 of the California Elections Code.

1. 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 first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is .0265 cents per \$100 (\$26.50 per \$100,000) of assessed valuation in fiscal year 2017-2018.
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 .0265 cents per \$100 (\$26.50 per \$100,000) of assessed valuation in fiscal year 2025-2026.
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 .0265 cents per \$100 (\$26.50 per \$100,000) of assessed valuation in fiscal year 2017-2018.
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 \$85,500,000. This estimate is based on the assumption there will be no bonds issued with a term over 25 years.

TAX RATE STATEMENT (CONTINUED)

Voters should note that the estimated tax rate is based on the ASSESSED VALUE of taxable property on the County of San Diego 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 School District's projections and estimates only, which are not binding upon the School 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 School 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 School District as determined by the County Assessor in the annual assessment and the equalization process.

Signed: Dr. Hugo Pedroza, Superintendent

Dated: August 9, 2016

ARGUMENT IN FAVOR OF MEASURE AA

VOTE YES on Measure AA to maintain our local quality of education with upgraded classrooms, labs and facilities at Fallbrook High School – **WITHOUT raising your tax rate.**

Our community's only high school, Fallbrook High, opened its current campus in 1955, but it has aged and today needs **serious** attention. Our last local school bond was passed 22 years ago. Everyday 2,200 students attend school under aging roofs, in outdated science labs and career-training facilities, with deteriorating electrical, plumbing, ventilation and safety systems. Many campus buildings are over 50 years old with old wiring and outdated technology.

Measure AA will:

- **Repair or replace** deteriorating roofs, plumbing and electrical systems
- **Renovate** career-training facilities for science, technology, engineering, math and skilled trades
- **Improve** school safety and security
- **Replace** aging portables with modern permanent classrooms
- **Upgrade** aging physical education facilities for current health and safety standards

Measure AA WON'T raise your tax rate. It simply extends WITHOUT increasing the soon to expire bond authorization originally approved by voters in 1994. VOTING YES continues this locally controlled funding for needed facilities upgrades at the high school.

Taxpayer safeguards are REQUIRED:

- **ALL funds STAY LOCAL.** The State CANNOT take this funding away
- NO funds are allowed for administrators' salaries or pensions
- Independent Citizens' Oversight and **mandatory** audits ensure funds are spent properly

Passing Measure AA also qualifies Fallbrook Union High School District to receive millions in State matching funds, when they become available, leveraging local taxpayer dollars even further.

Whether or not you have school-age children, AA is a wise investment. Good schools protect property values and keep our community strong. The longer we wait, the more expensive it will be.

Please join the San Diego County Taxpayers Association, teachers, parents, Warrior Alumni, and community leaders who support Fallbrook High School.

VOTE YES on AA.

YesonAAforFallbrookHigh.com

HANEY HONG
President & CEO
San Diego County Taxpayers Association

JACKIE HEYNEMAN
Member of Fallbrook Community
Planning Group
44 Year Fallbrook Civic Leader

FRANK A. WINTON, MD
Physician, Family & Sports Medicine

FARO TRUPIANO
Restaurant Owner

CHRIS HASVOLD
Real Estate Broker

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE AA

Measure AA's tax increase is unfair to seniors and fixed income property owners.

Measure AA would give Fallbrook Union High School District an additional \$45 million at a cost of \$85.5 million to taxpayers over decades.

A \$500,000 property can expect \$132 more taxes per year for decades if Measure AA passes. Worse the estimated high of \$26.50 per \$100,000 is not guaranteed.

Why another bond so soon? How can FUHSD still claim leaky roofs, rusty pipes or unsafe conditions after spending all the prior bond money voters approved? **WAS PRIOR BOND MONEY WASTED ON NO BID CONTRACTS TO FRIENDS AND SUPPORTERS?** How can voters trust FUHSD not to waste this money too?

On top of other local taxes you already pay taxes for your elementary schools' bonds and these districtwide taxes:

Metropolitan Water District
Palomar Community College District, 2006 bond
Fallbrook Union High School District, 1994 bond
Fallbrook Elementary School District, 2002 bond

STOP TAXING US TO DEATH!

Measure AA is endorsed by San Diego County Taxpayers Association. They're putting lipstick on this pig. Don't be fooled. Many of their directors / officers profit directly / indirectly from school bonds. Should be called San Diego County "TAXTAKERS" Association.

Is SDCTA looking out for you or themselves? They endorsed Poway's \$105m bond that's now costing those taxpayers nearly \$1 billion. Why? They profit! Google: San Diego County Taxpayers Association "Cozy Relationship With Developers" by Gary Gonsalves .

Fallbrook UHSD's promised Citizens' Bond Oversight Committee is a toothless tiger. Measure AA lacks specific prioritized project list with estimated costs so voters and Citizens' Bond Oversight Committee can measure accountability.

Vote NO until these problems are fixed.

www.CalTAN.org

M. KEVIN O'NEILL, President
California Taxpayers Action Network

ARGUMENT AGAINST MEASURE AA

Don't be a victim of The School Bond Scam! (www.schoolbondscam.org)

News articles and campaign finance disclosures show Wall Streeters, contractors and consultants pay money to pass school bonds for their immediate profit leaving each taxpayer with decades of additional debt. **Google:** "Local School Bonds: Big Donors Win Big Contracts" OR Orange County Register's "Bankers Push School Bonds for C.A.S.H."

The School Bond Scammers gladly pay to pass bonds anticipating school boards will reward them with inflated no bid contracts in return. **Google:** Sweetwater school pay to play OR Fresno Leaseback FBI Arax.

Voice of San Diego's August 6, 2012 investigative report revealed Poway School District's "Capital Appreciation Bonds" put their taxpayers on the hook to pay back about \$1 billion for their \$105 million bond. **Google:** "Thanks a Billion"

California Taxpayers Action Network (www.caltan.org) is not against all school bonds and has supported those (i.e. Walnut Valley Unified School District) that contain proper internal controls to prevent waste and encourage good value for taxpayers.

This bond does not include such taxpayer protections. Contracts can be handed to favored contractors and consultants without regard to price!

Worse, this bond lacks a prioritized Project List with estimated project costs for each and a commitment to build the proposed projects in the promised prioritized order. This bond allows pet projects to be built instead of necessary ones.

Why does District need another bond so soon after their last one? Did they handout over priced contracts and put in astroturf fields with the last bond instead of making needed classroom repairs?

Vote NO until they propose a better bond next election.

California Taxpayers Action Network is a San Diego based all-volunteer, statewide network of taxpayer advocates who promote sound fiscal policies, practices and business methods by government entities for the public's benefit and protection.

M. KEVIN O'NEILL
President,
California Taxpayers Action Network

REBUTTAL TO ARGUMENT AGAINST MEASURE AA

Measure AA opponents completely miss the point! Apparently they don't know Fallbrook High School or they would clearly understand that Measure AA is absolutely needed and a worthy investment.

Here are the FACTS:

FACT: Measure AA is about **maintaining the quality of education** in Fallbrook's ONLY high school so students are prepared for college and career success.

FACT: Measure AA will **NOT raise your tax rate**. It simply extends WITHOUT increasing the soon to expire bond authorization originally approved by voters in 1994.

FACT: After a full and thorough review the **San Diego County Taxpayers Association has ENDORSED Measure AA.**

FACT: The NEED is great and growing. Voting YES authorizes locally controlled funding for CRITICALLY needed facility repairs and modernizations. The longer we wait to make improvements, the more expensive they will be.

FACT: Taxpayer safeguards are MANDATORY!

- **ALL funds STAY LOCAL.** The State CANNOT take this funding away
- NO funds for administrators' salaries or pensions
- Independent Citizens' Oversight and mandatory audits ensure proper spending.

FACT: Measure AA qualifies Fallbrook Union High School District to receive millions in State matching funds, when they become available, leveraging local taxpayer dollars even further.

FACT: Protecting the local quality of education is a wise investment. Good schools protect property values and strengthen our community.

Local homeowners, realtors, businesses, seniors, teachers, and parents agree – VOTING YES on AA is the most fiscally prudent way to give our students safe and quality school facilities.

Our students deserve a great learning environment. Please VOTE YES on AA.

JANICE D. OWEN
Fallbrook Alum & Business Owner

CONSTANCE L. FELLIOS
Fallbrook High School English &
AVID Teacher

LYNNE GRANTHAM
Fallbrook Student of the Month Committee

GREG COPPOCK
Local Pastor

JERRI PATCHETT
Community Activist

FULL TEXT OF MEASURE AA

FALLBROOK UNION HIGH SCHOOL DISTRICT BOND MEASURE

By approval of this measure by at least fifty-five percent (55%) of the registered voters voting thereon, the Fallbrook Union High School District shall be authorized to issue and sell bonds of up to \$45 million dollars 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.

KEY FINDINGS

The Fallbrook Union High School District is committed to continuing a strong, high-quality educational program for its students.

Through this process, the Fallbrook Union High School District Board of Trustees determined that the District's facilities require repairs and upgrades, including updates to facilities to meet current health, safety, fire, and earthquake standards. Specifically, the Board of Trustees desires to include:

- Deferred maintenance items (Roofing, Painting, Hardscapes (Asphalt/Parking/Concrete repairs))
- Utility Improvements (Replace sewer and water lines, upgrade electrical service)
- Classroom Upgrades (complete interior modernization, demolish to studs, new/additional electrical, new walls, flooring, ceilings, technology, classroom furniture, plumbing fixtures)
- New STEM / CTE Facilities
- Security and safety systems
- Improved student facilities, including for athletics
- Site Improvements (Landscape/Irrigation, Student Courtyard - concrete bleachers/shade structures)
- Replace Portable Classrooms with Permanent Classrooms

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

Independent Citizens' Oversight Committee. The Board of Trustees 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. The committee shall be established within sixty (60) days of the date when the Board of Trustees enters the results of the election in its official minutes.

FULL TEXT OF MEASURE AA (CONTINUED)

Annual Performance Audit. The Board of Trustees 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 of Trustees 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 of Trustees 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 of Trustees 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.

Projects listed below may be completed at any and all facilities where such project is determined necessary, and projects are authorized to be performed at each and all of the District's facilities, including without limitation:

Fallbrook High School

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

I. SCHOOL UPGRADES AND REPAIRS TO KEEP EDUCATIONAL FACILITIES SAFE, CLEAN AND IN GOOD REPAIR

- Fix and/or replace deteriorating roofs;
- Remove aging and unsafe portable buildings;

FULL TEXT OF MEASURE AA (CONTINUED)

- Replace old, outdated, and inefficient sewer, water, electrical, plumbing, heating and ventilation systems;
- Improve school fire and earthquake safety;
- Repair and replace aging student restrooms and plumbing systems;
- Ensure safe access and security at all schools for all students, staff, and community members.
- Provide classroom intrusion alarms, safety locks on classroom doors, and exterior lighting for student safety;
- Upgrade emergency communications and technology backup systems, security systems, and fencing;

II. PROJECTS TO ENSURE STUDENTS HAVE ACCESS TO SAME QUALITY OF CLASSROOMS, EDUCATION, AND SERVICES AS IN NEIGHBORING COMMUNITIES

- Renovate, repair, construct and acquire classrooms and other school facilities and reconstruct aging classrooms;
- Upgrade or construct additional facilities for health services, student services and physical education/athletics.

III. EDUCATIONAL TECHNOLOGY AND FACILITY UPGRADES FOR 21ST CENTURY LEARNING

- Provide up-to-date classroom technology infrastructure;
- Construct flexible classrooms and labs for science, technology, engineering and math program.
- Construct flexible classrooms and labs for Career Technical Education.

Listed projects, repairs, improvements, rehabilitation projects and upgrades will be completed only as feasible, and the listing of projects does not imply a particular prioritization among such improvements. Listed projects may be completed at any and all education buildings where such project is determined necessary. Decisions regarding the scope, timing, prioritization or other facets of project implementation will be made solely by the Board of Trustees by subsequent action.

FULL TEXT OF MEASURE AA (CONTINUED)

For any listed project involving renovation or modernization of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the District determines that replacement and new construction is more practical than renovation, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors. In addition, where feasible, projects may be completed in partnership with other agencies on a joint use basis.

Each project is assumed to include its share of costs of bond issuance, architectural, engineering, and similar planning costs, construction management, bond project staff, staff training expenses associated with new bond-funded equipment and systems, and a customary contingency for unforeseen design and construction costs. In addition to the projects listed above, the Bond Project List also includes payment of the costs of preparation of all facilities planning and project implementation studies, feasibility and assessment reviews, master planning, environmental studies, and temporary housing for dislocated programs or activities caused or necessitated by construction projects.

The final cost of each project will be determined as plans are finalized 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. Necessary site preparation/grading/restoration may occur in connection with new construction, modernization, renovation or remodeling, including ingress and egress, removing, replacing or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, leases, licenses, or rights of way to the property.

ADDITIONAL SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of Bonds authorized by this proposition 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.

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Section 15100 of the California Education Code, and all the enumerated purposes shall constitute the specific single purpose of the bonds and proceeds of the bonds shall be spent only for such purpose.

Other Terms of the Bonds. The bonds may be issued and sold in several series, and in accordance with a financing plan determined by the Board of Trustees pursuant to requirements of law. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum and with a maximum term not exceeding the statutory maximum, provided that the average useful life of bonds sold will not exceed one hundred twenty percent (120%) of the average life of the projects being financed or as otherwise provided by federal tax law. Bond funds may be used to reimburse the District for Bond Project list expenditures incurred prior to the election and bond issuance, in accordance with federal tax law.