

NATIONAL SCHOOL DISTRICT

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

MEASURE HH

To repair and rebuild aging classrooms and facilities throughout the District; meet handicapped access requirements; increase student access to computers /technology; repair roofs; and improve campus security and student loading zones for increased safety; shall National School District be authorized to issue \$30 million of bonds with interest rates below legal limits, annual audits, independent citizens' oversight, no money for administrative salaries and all funds spent locally and not taken by the State and used elsewhere?

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 National School District ("District"). This measure, if approved by 55% of the votes cast on the measure, will authorize the District to issue and sell \$30,000,000 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 \$30,000,000 in general obligation bonds.

A "NO" vote is a vote against authorizing the District to issue and sell \$30,000,000 in general obligation bonds.

TAX RATE STATEMENT

Bond Measure HH Election to be held November 8, 2016

An election will be held in National School District (the "District") on November 8, 2016 to authorize the sale of \$30,000,000 in general obligation bonds. The following information is submitted in compliance with Sections 9400-9404 of the California Elections Code.

1. The best estimate of the tax rate that would be required 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 \$.03 per \$100 (\$30.00 per \$100,000) of assessed valuation in fiscal year 2017-18.
2. The best estimate of the tax rate that would be required 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 \$.03 per \$100 (\$30.00 per \$100,000) of assessed valuation in fiscal year 2041-42.
3. The best estimate of the highest tax rate that would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$.03 per \$100 (\$30.00 per \$100,000) of assessed valuation.
4. The best estimate of the average tax rate required to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is \$.02796 per \$100 (\$27.96 per \$100,000) of assessed valuation.
5. The best estimate of the total debt service, including principal and interest, that would be required to be repaid if all the bonds are issued and sold is \$38,685,000.

These estimates are based on projections derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of bond sales, the amount of bonds sold at each sale and actual increases in assessed valuations. The timing of the bond sales and the amount of bonds sold at any given time will be determined by the needs of the District. Actual assessed valuations will depend upon the amount and value of taxable property within the District as determined in the assessment and the equalization process.

Dated: August 10, 2016

Chris Carson
Assistant Superintendent of Business Services
National School District

STATEMENT REQUIRED BY EDUCATION CODE SECTION 15122.5

Approval of Measure HH does not guarantee that the proposed project or projects in the National School District that are the subject of bonds under Measure HH will be funded beyond the local revenues generated by Measure HH. The school district's proposal for the project or projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

ARGUMENT IN FAVOR OF MEASURE HH

Two years ago, our community voted overwhelmingly to take **the first step** to repair our aging school campuses. Thanks to Proposition N, all our classrooms have air conditioning and our campuses have fiber optic wiring so that our children can use technology to learn.

However, there's more to do for our children's schools. Measure HH gives us the necessary tools.

To **make our schools better and safer places** for our children. Measure HH will:

- Replace aging roofs;
- Install rapid-lock systems on all classroom doors;
- Add additional lighting, fencing and security cameras on our campuses;
- Upgrade aging water and sewer systems on our campuses;
- Meet handicapped accessibility requirements in our restrooms and classrooms, and
- Address student drop-off zones to improve traffic flow and safety.

To **protect taxpayers**, Measure HH will:

- Require independent citizen committee oversight of all bond expenditures;
- Impose tough legal safeguards that restrict all bond monies to be spent on local schools only;
- Prohibit bond funds from being used for administrators' salaries, benefits, and pensions;
- Prohibit the State from using our local bond funds for other school districts;
- Make our schools eligible to receive State matching funds; making our dollars go further;
- Use short-term bonds to reduce interest costs by more than 90%, saving taxpayers millions of dollars in interest costs;

There are two other reasons Measure HH is good for all of us:

- These improvements help **recruit and retain the high-quality teachers** we need to make our children successful learners.
- These improvements can have a positive effect on surrounding home and other property values.

Let's continue what we started two years ago with Proposition N to help National City school children become successful learners! Our children and our community as a whole are worth the investment.

Vote **Yes** for Measure HH!

ANNE L. CAMPBELL
Chairperson- Citizens' Bond
Oversight Committee

JAMES GRIER JR.
Retired Teacher/School Board Member

J.E.VAN DEVENTER
Former City Council

LARRY TAGLE
Retired School Board Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE HH

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

Why another bond so soon? How can National School District still claim leaky roofs, rusty pipes or unsafe conditions after spending all the prior bond money voters approved?

Was bond money wasted on pet projects instead of classrooms and student safety? **WAS PRIOR BOND MONEY WASTED ON NO BID CONTRACTS TO FRIENDS AND SUPPORTERS?**

How can voters trust National School District not to waste this money too?

Measure HH would give National School District an additional \$30 million at a cost of \$38.6 million to taxpayers over decades.

A \$400,000 property can expect \$120 more taxes per year for decades if Measure HH passes. Worse the estimated high of \$30.00 per \$100,000 is not guaranteed. IT COULD BE HIGHER!

National School District taxpayers already pay these property taxes:

- Countywide Proposition 13
- Lower Sweetwater Fire Protection Tax
- National School District, Bond 2000
- Sweetwater High School District, Bond 2000
- Sweetwater High School District, Bond 2006
- Southwestern Community College, Bond 2000
- Southwestern Community College, Bond 2008
- Metropolitan Water District

STOP TAXING US TO DEATH!

National School District's promised Citizens' Bond Oversight Committee is a toothless tiger. Measure HH 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.CaITAN.org

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

ARGUMENT AGAINST MEASURE HH

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 HH

Measure HH is best for our schools and our community. Here's why:

Measure HH will keep safety as the number-one priority in our children's schools.

All of our schools were built more than a half century ago. It's time to update our campuses and classrooms to be as safe and modern as possible.

Measure HH will save taxpayers' money.

Other school districts' problems with bond financing do not apply here. In fact, Measure HH will save National School District taxpayers millions of dollars through short-term bonds, locked in at today's low-interest rates.

Measure HH will protect taxpayers.

Measure HH funds will be subject to audit and oversight by an independent citizens' committee. Bond monies cannot be used for administrator salaries, benefits or pensions.

Measure HH will benefit all of our community.

By improving our local schools, Measure HH will increase property values in surrounding neighborhoods and create new jobs to boost our local economy.

Measure HH will make taxpayers' money go further.

Through Measure HH, our schools will become eligible to receive additional matching funds from the State to improve our campuses and classrooms. Without Measure HH, we will lose these funds to other school districts.

Measure HH is a decision easy to make.

Safe and more modern campuses and classrooms ... additional matching State funds ... increased property values in surrounding neighborhoods ... and jobs to boost our local economy - all through Measure HH.

Vote YES on Measure HH!

ANNE L. CAMPBELL
Chairperson- Citizens' Bond
Oversight Committee

JAMES GRIER JR.
Retired Teacher/School Board Member

J.E.VAN DEVENTER
Former City Council

LARRY TAGLE
Former Trustee

FULL TEXT OF MEASURE HH

BOND AUTHORIZATION

By approval of this proposition by at least 55 percent of the registered voters voting on the measure, the National School District (the "District") will be authorized to issue and sell bonds of up to \$30 million in aggregated principal at interest rates not in excess of the legal limit and to provide financing for the specific projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

The Bonds may be issued under the provisions of the California Education Code (starting at Section 15100), under the provisions of the California Government Code (starting at Section 53506), or under any other provision of law authorizing the issuance of general obligation bonds by school districts. The Bonds may be issued in series by the District from time to time, and each series of Bonds shall mature within the legal limitations set forth in the applicable law under which the Bonds are issued.

FINANCING PLAN

The District intends to use the Bonds to modernize, replace, renovate, construct, acquire and rebuild the District facilities on the Bond Project List. No series of Bonds will be issued if such issuance would cause the tax rate levied to pay debt service on all of the outstanding Bonds to exceed \$30 per year per \$100,000 of taxable property, based on projections made by the District at the time of issuance of such series of Bonds.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers in the District may be assured that their money will be spent wisely. Expenditures to address specific facility needs of the District will be 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 Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Trustees of the District (the "Board of Trustees") has identified detailed facility needs of the District and has determined which projects to finance from a local bond at this time. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens' Oversight Committee. The Board of Trustees shall establish an Independent Citizens' Oversight Committee under Education Code Section 15278 and following to ensure that bond proceeds are expended only on the school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the Board of Trustees.

Performance Audits. The Board of Trustees shall conduct 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 below.

Financial Audits. The Board of Trustees shall conduct 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 below.

Annual Report. The Assistant Superintendent, Business Services of the District will cause an annual report to be filed with the Board of Trustees, the first report to be filed not later than one year after the issuance of the first series of the bonds, which report will contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in this measure, as required by applicable California law.

FULL TEXT OF MEASURE HH (CONTINUED)

Expenditure of Bond Proceeds. The proceeds from the sale of the District's bonds will be used only for the purposes specified in this measure, and not for any other purpose. Such proceeds will be deposited into a Project Fund to be held by the San Diego County Treasurer, as required by the California Education Code.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the school facilities projects on the Bond Project List below, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

BOND PROJECT LIST

Scope of Projects. The Bond Project List shown below is a part of the ballot measure and must be reproduced in any official document required to contain the full statement of the bond measure.

Bond proceeds will be expended to modernize, replace, renovate, construct, acquire and rebuild the District's facilities as described in the following list. Whenever specific items are included in the following list, they are presented to provide an example and are not intended to limit the generality of the broader description of the types of authorized projects.

RENOVATION, MODERNIZATION, REPAIR AND CONSTRUCTION THROUGHOUT NATIONAL SCHOOL DISTRICT

The facilities and improvements to be financed by the bonds issued for the District include the modernization, replacement, renovation, construction, acquisition and other improvements to facilities, including furnishing and equipping, at school, classrooms and educational facilities throughout the District including but not limited to:

- Central School
- El Toyon School
- Ira Harbison School
- John Otis School
- Kimball School
- Las Palmas School
- Lincoln Acres School
- Olivewood School
- Palmer Way School
- Preschool Center
- Rancho de la Nacion School
- District Administration Center
- District Maintenance and Operations Office
- District CNS/Purchasing Warehouse

Such projects shall include but shall not be limited to:

- Upgrade the District's electrical systems to provide students with increased access to computers
- Improve student access to computers and modern technology
- Repair and rebuild aging classrooms and school facilities to meet health and safety requirements
- Install energy cost saving systems including but not limited to solar
- Upgrade and replace outdated heating, ventilation, and air-conditioning (HVAC) systems

FULL TEXT OF MEASURE HH (CONTINUED)

- Meet handicap accessibility (ADA) requirements in restrooms, classrooms, and school sites
- Improve campus security by installing additional lighting, fencing, and security cameras
- Reconstruct and add staff and parent parking
- Reconstruction and reconfiguration of loading and unloading zones for student safety
- Renovate and expand libraries at schools
- Repair and replace roofs
- Reconstruct, renovate, and add restrooms and plumbing in facilities throughout the District
- Improve athletic playfields
- Replace portable classrooms with permanent classrooms
- Renovate and modernize cafeteria and kitchens
- Acquire, renovate, and improve science labs, tech center, multi-purpose rooms, common areas and nurses offices
- Reconstruction and reconfiguration to provide flood protection at Kimball School
- Construct and install shade structures throughout the District.

Each of the bond projects described in this Bond Project List include all costs incidental but directly related to the specific projects described above. Such costs include, but are not limited to, demolition of existing structures, rental or construction of storage facilities and other space on an interim basis for materials and other equipment and furnishings displaced during construction, interim classrooms and facilities for students, administrators, and school functions but only to the extent such facilities are deemed necessary by the Board as a result of unforeseen conditions, addressing unforeseen conditions revealed by construction/modernization and other necessary improvements required to comply with existing building codes, including the Field Act, access requirements of the Americans with Disabilities Act, costs of the election, bond issuance costs and project administration during the duration of such projects, including administration by District personnel.

For any project listed above with respect to construction at an existing District site, the District is authorized to identify an alternate site and/or acquire land for such purpose and construct the approved project at such site if the District has determined that the existing site does not satisfy any requirements of the Division of State Architect or other State laws, codes and regulations applicable to public school sites.

The order in which school facilities projects are listed above does not suggest an order of priority. Project priority will be determined by the District Board. The District is unable to anticipate all unforeseen circumstances which may prevent some of the projects listed above from being undertaken or completed.

Projects Subject to Available Funding. The foregoing list of projects is subject to the availability of adequate funding to the District. Approval of the bond measure does not guarantee that the proposed projects in the District that are the subject of bonds under the measure will be funded beyond the local revenues generated by the bond measure. The District's proposal for the projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.