

PALOMAR POMERADO HEALTH

Proposition BB

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

PROP BB **HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE:** To prevent closure of patient floors, reduce emergency room overcrowding, support medical treatment advances, meet stricter earthquake safety standards, repair/upgrade aging hospital rooms and trauma treatment areas and expand and improve community medical centers, shall Palomar Pomerado Health issue \$496,000,000 of bonds, to construct, acquire land, renovate, and improve Palomar Medical Center, Pomerado Hospital and additional medical facilities, with citizens' oversight and no money for administrators' salaries?

This proposition requires approval by two-thirds of the voters.

**Full text of this proposition
follows the arguments.**

TAX RATE STATEMENT

An election will be held in Palomar Pomerado Health (the "District") on November 2, 2004, to authorize the sale of up to \$496,000,000 in bonds of the District to finance health care facilities as described in the ballot measure. If the bonds are approved, the District expects to sell the bonds in more than one series. 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 three paragraphs are being provided in compliance with Sections 9400-9404 of the Elections Code of the State of California.

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 at the time of filing of this statement, is 1.775 cents per \$100 (\$17.75 per \$100,000) of assessed valuation in fiscal year 2005-06.

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 at the time of filing of this statement, is 1.775 cents per \$100 (\$17.75 per \$100,000) of assessed valuation in fiscal year 2016-17.

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 at the time of filing of this statement, is 1.775 cents per \$100 (\$17.75 per \$100,000) of assessed valuation. The tax rate is expected to remain the same in every year.

Voters should note that the 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. 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 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, which in any event will not exceed the legal limit then in effect. 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 equalization process.

This Tax Rate Statement has been prepared by and is submitted pursuant to direction of the Board of Directors of the District.

Dated: August 4, 2004.

Nancy Bassett, RN, MBA
Secretary, Palomar Pomerado Health

COUNTY COUNSEL IMPARTIAL ANALYSIS

This proposition, if approved by two-thirds of the voters voting on the proposition, would authorize the Board of Directors of Palomar Pomerado Health (the "District") to issue and sell up to \$496,000,000 in general obligation bonds in one or more series and at one or more times. The issuance and sale of general obligation bonds 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 holder of the bond, the district promises to pay the holder a set amount of interest for a certain period of time, and to repay the loan on the expiration date.

The proceeds of these bonds of the District would be used to provide financing or refinancing for hospital and health care facilities projects consisting of the acquisition and improvement of real property for hospital and health care purposes, including renovations and improvements to Palomar Medical Center and Pomerado Hospital and construction or acquisition of additional medical facilities.

The interest rate on any bond, which is established at the time of bond issuance, may not exceed twelve percent (12%) per annum. The final maturity date of any bond may be no later than forty (40) years after the date of the bond. The dates of sale and the amount of bonds sold at any given time will be determined by the District based upon 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, which in any event may not exceed the legal limit then in effect.

The proposition incorporates the bond accountability requirements of state law as well as establishment of an independent citizens oversight committee.

Principal and interest on the bonds would be paid by revenue derived from an annual tax levied upon the taxable property within the District in an amount sufficient to pay the interest as it becomes due and to provide a sinking fund for payment of the principal on or before maturity. Article XIII A of the California Constitution exempts from the one percent property tax rate limitation ad valorem taxes to pay the interest and redemption charges on any bonded indebtedness for the acquisition or improvement of real property approved by the voters on or after July 1, 1978. The approval must be by two-thirds of the votes cast by the voters voting on the proposition. Legal authorization is contained in state law permitting hospital districts to issue bonds at the interest rate, for the period of time, and for the specified purposes, subject to two-thirds voter approval.

A "yes" vote is a vote in favor of authorizing Palomar Pomerado Health to issue bonds for the purposes stated in the proposition.

A "no" vote is a vote against authorizing Palomar Pomerado Health to issue bonds for the purposes stated in the proposition.

ARGUMENT IN FAVOR OF PROPOSITION BB

Yes on BB ensures our only Trauma Center can save lives in any emergency, whether it is a car accident, heart attack or disaster.

- As the **only** Trauma Center in North County, Palomar Pomerado was the only Center accessible locally during last year's catastrophic wildfires, saving countless lives.

Yes on BB repairs, upgrades and expands our overcrowded, aging Trauma Center, Emergency Rooms and Hospitals to adequately serve North County's rapidly growing, aging population.

- Over the next 20 years North County's population will grow to 1.3 million residents – including an increasing senior population. Trauma Center and Emergency Rooms beds are already completely full by 9 a.m. daily, delaying surgeries.
- Nearly 80,000 patients were treated at our Emergency Rooms last year. Mere seconds can affect a patient's ability to survive delays on congested freeways.

Yes on BB establishes more community medical centers in our local neighborhoods, providing health care closer to our homes when we need it.

- Traffic congestion threatens the ability to give critically ill, injured patients access to the best care as quickly as possible.

Yes on BB prevents closure of patient floors while state-mandated earthquake safety upgrades are made to Palomar Medical Center.

- Over 70% of the hospital beds at Palomar Medical Center are in buildings that don't meet state earthquake safety standards.

Yes on BB provides new, expanded screening and treatment of illnesses such as cancer, Alzheimer's, stroke, diabetes, and heart disease.

Yes on BB includes strict fiscal accountability provisions to ensure money is spent as promised, including an Independent Citizens' Oversight Committee and NO money for administrators' salaries. All funds are tax-deductible.

Join Emergency Room Doctors, Nurses, 9-1-1 Paramedics, Police Officers, Firefighters – Vote **Yes on BB -- our local Hospital, Emergency Care, Trauma Center Improvement and Repair Measure.**

MARTHA HALDA
Trauma Survivor
Mother of 2/Pauma Valley Resident

JAIME RIVAS
Emergency Physician/Medical Director

LORI J. ROACH
Registered Nurse, MICN

ANDRE A. PAREDES
Firefighter/Paramedic

KENNETH H. LOUNSBERY
Business Leader, Taxpayer, 34 Year Resident

REBUTTAL TO THE ARGUMENT IN FAVOR OF PROPOSITION BB

Please vote NO on proposition BB

This hospital district has for years received property tax revenue. This tax revenue has a purpose of funding the hospital emergency care. (trauma care buildings). The 8 1\2 million dollars received each year by the hospital district is a sufficient amount of money and no bond sale is necessary.

Medical care is not furnished to large segments of the public, because they choose to use health insurance for medical care out side of the Palomar hospital. Military personnel, employee sponsored HMO's are a few examples of non users of the hospital. Non use of the hospital does not exempt the property owner from the tax burden. Business owners will find employee health care funding cost has increased and has attached itself to their business property tax payments.

By approving this proposition you grant this hospital board the right to spend tax money as they see fit. The legal document is most clear there is a disclaimer on the facilities master plan. This document is a pig in a poke.

The state controller office reports Palomar hospital 's total revenue as \$304.960,000. The district has cash and investments of \$133,161,000. The above is for fiscal year 2003. Revenue and investments for 2004 will increase.

Vote no. It is unreasonable to ask the public for a tax increase when investment funds are 133,161,000 dollars.

CLARENCE JOHNSTON
AARP Members Against High Taxes

ARGUMENT AGAINST PROPOSITION BB

Vote no on proposition BB This proposition will authorize the tax assessor to increase taxes approximately \$88.75 per year for 40 years. (Based on median property assessed values)

This tax has an excessively long maturity date and will guarantee all future property owners will pay a tax based on the assessed market value of their property.

This tax is so large that social security recipients cost of living increases will be less than the tax increase.

The hospital board provides estimates and projections when describing tax amounts. I give the truth not estimates and projections. The government will tax the owners of property sufficient amounts of money to pay the bonded debt of \$496,000,000 Plus interest. A huge sum.

The hospital district should receive federal tax dollars to build the hospital. The hospital board has not explained the need for a new hospital to the federal government. Please note some nations of Africa claimed a need for medical aid for their health care. Also Latino activists have demanded medical benefits for illegal aliens. Guess what? The Africans received 15 billion dollars and the illegal aliens 1 billion dollars. The district has failed to apply for assistance in the same manner as African nations. This district has failed to ask the two lady democratic party US senators for assistance in obtaining federal funds. If the two California senators do not oppose government aid outside the U.S. . They would surely approve needed aid for San Diego county.

Please vote no. Do not place a tax burden on your neighbor.

CLARENCE G. JOHNSTON
AARP Members Against High Taxes

REBUTTAL TO THE ARGUMENT AGAINST PROPOSITION BB

Don't let the opponent's over the top statements fool you!

Yes on BB is fiscally responsible and includes a Citizens Oversight Committee and no money for administrators' salaries. The true cost for homeowners is less than \$1.50 per month of \$100,000 of assessed value – NOT MARKET VALUE!

It will never be less expensive to upgrade, repair and expand our local hospitals. If we don't pass **BB**, our needs only will become more urgent and the upgrades more expensive in the future. There are simply NO federal or state funds to meet these needs.

Yes on BB saves lives by ensuring that North County's only Trauma Center will be there when you need it. Our Trauma Center is already at capacity, with most emergency beds full by 9 a.m. daily.

Without **BB**, we will be unable to keep up with today's emergencies, let alone local trauma needs a year from now.

Yes on BB saves lives by establishing additional community medical centers in our neighborhoods providing urgent care close to home. Our roads and freeways are already terribly congested.

Yes on BB saves lives by reducing wait times in our Emergency Rooms, ensuring patients have access to life-saving treatments.

More seconds can make the difference between life and death. Do you want to take that chance with your family in an emergency?

Vote Yes on BB to ensure our only Trauma Center is able to save lives in any emergency or natural disaster. If we don't do it, no one will.

JAIME RIVAS
Emergency Physician/Medical Director

MIKE BERTRAND
Firefighter/Paramedic

LORI J. ROACH
RN, MICN

KEN LOUNSBERY
Business Leader, Taxpayer
34 Year Resident

DONNA F. TORO
North County Senior Advocate

FULL TEXT

HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE

This measure may be known and referred to as the “Hospital, Emergency Care, Trauma Center Improvement and Repair Measure” or as “Measure BB.”

FINDINGS

Palomar Pomerado Health (the “District”) of North County San Diego provides accessible health care services, including trauma, emergency, and acute care services.

Over the next twenty years, North County San Diego communities are expected to grow to approximately 1.3 million residents, including a steadily increasing senior population.

Palomar Medical Center serves as the only Trauma Center in North County San Diego.

Palomar Medical Center is 50 years old. Over 70% of the hospital beds at Palomar Medical Center are located in buildings that do not meet state earthquake safety standards. Based on an evaluation of reports prepared by outside experts, the Board of Directors (the “Board”) of the District has determined that it would be significantly more expensive to retrofit and upgrade the existing Palomar Medical Center than it would be to build a new medical center.

Local neighborhoods lack adequate nearby community medical centers.

The Board, with the input of District medical staff, nursing personnel and support personnel and members of the public, has developed a comprehensive Facilities Master Plan to address the future health care needs of the population of the District, calling for (i) replacement of patient care facilities which do not meet mandated state standards for earthquake safety, (ii) renovation and repair of existing aging facilities to support advances in medical treatment, and (iii) expansion of localized, community-based health care services in certain regions of the District;

A local general obligation bond was identified as one component in meeting the overall financing needs identified in the Facilities Master Plan, to be used for authorized improvements to buildings. In addition, the Board has identified a variety of other funding sources necessary to achieve the purposes outlined in the Facilities Master Plan, including hospital revenue bonds, hospital revenues, and private donations. The Board expects to draw on these other sources of funds to finance facilities and equipment not funded from a local general obligation bond.

BOND AUTHORIZATION

By approval of this measure by at least two-thirds of the registered voters voting on the proposition, the District shall be authorized to issue and sell bonds of up to \$496,000,000 in aggregate principal amount to provide financing or refinancing for hospital and health care facilities projects consisting of the acquisition and improvement of real property for hospital and health care purposes, including renovations and improvements to Palomar Medical Center and Pomerado Hospital and construction or acquisition of additional medical facilities, subject to all of the accountability safeguards specified in this measure.

The Board plans and expects to use proceeds of the bonds authorized by this measure to finance various components of its Facilities Master Plan, which are expected to include the following projects:

Emergency/Trauma Care Facilities

- Establish and construct four dedicated trauma/cardiac resuscitation treatment areas at an additional medical facility, referred to as Palomar West Medical Center, expand Emergency Room treatment rooms and provide additional operating rooms to ensure more rapid treatment of trauma, acute care and other patients requiring emergency care at Pomerado Hospital and Palomar West Medical Center
- Add Intensive Care Units at Pomerado Hospital and Palomar West Medical Center

Earthquake Safety Upgrades

- Upgrade local hospitals to ensure all new patient and treatment areas meet current state seismic requirements

Community Medical Centers

- Establish and construct local medical centers in communities which may include Ramona, San Marcos, Valley Center and Rancho Penasquitos

Repairs and Upgrades to all existing Hospitals and Medical Centers

- Repair and upgrade operating rooms and interventional suites, including catheterization labs and interventional radiology labs
- Renovate, remodel and expand patient rooms to accommodate current medical practices, technology and equipment and support future advances
- Repair and upgrade aging roofs, plumbing and other major building systems
- Upgrades and repairs to meet ADA (Americans with Disabilities Act) requirements

Upgrades to Palomar Medical Center

- Construct/remodel Palomar Medical Center to create a Specialty Services Hospital, to include:
 - Rehabilitation Therapy/Stroke Rehabilitation Center
 - Radiation Therapy/Cancer care treatment areas
 - Expand inpatient mental health center

Upgrades to Pomerado Hospital and Pomerado Hospital Campus

- Upgrade existing second floor to provide an intermediate care monitoring unit
- Establish new Cardiac Catheterization Lab
- Create Women's Center for Obstetric and GYN Patients
- Establish an outpatient surgery center to increase operating room capacity
- Expand and improve wound care clinic

Palomar West Medical Center

- Establish and construct Palomar West Medical Center in order to comply with State seismic safety requirements, including acquisition of land and/or buildings, as appropriate

Construct Acute, Specialty Care and Outpatient Centers

- Establish Women's Outpatient Centers at Palomar West Medical Center and Pomerado Hospital for women's health services (such as mammography, breast cancer biopsy, ultrasound, outpatient OB testing and specialist services)
- Establish outpatient radiology center at Palomar West Medical Center and Pomerado Hospital
- Establish outpatient mental health center at Palomar Medical Center

The Board has reserved the right to change its Facilities Master Plan from time to time, and to finance authorized projects with the bonds as it deems advisable and necessary. The inclusion or specification of a project in the foregoing list or in the Facilities Master Plan is not a guarantee that such project will be constructed or completed, or that it will be constructed or completed as described above or in the Facilities Master Plan, or at any particular time or in any particular order of priority. Projects and upgrades will be completed as needed at a particular site according to Board-established priorities. This measure authorizes the financing of projects, and shall not be deemed to be an approval of any project for purposes of the California Environmental Quality Act.

Specific Purposes. All of the purposes enumerated in this measure shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to California Government Code Section 53410.

ACCOUNTABILITY PROVISIONS

Independent Citizens' Oversight Committee. If this measure is approved, the Board shall establish an independent Citizens' Oversight Committee within ninety (90) days of the date the Board enters the results of the election, such independent Citizens' Oversight Committee (i) to be comprised of at least nine (9) members, each member to be selected by the Board through a public application process and to serve without compensation, (ii) to include one (1) member active in a taxpayers' organization, one (1) member active in a senior citizens' organization, one (1) member active in a business organization, resignation from such taxpayers' organization, senior citizens' organization or business organization, as applicable, to be deemed a concurrent resignation from the Citizens' Oversight Committee, and one nurse or physician, three (3) members of which shall be appointed by the Board to serve for an initial term of one (1) year, three

(3) members of which shall be appointed by the Board to serve for an initial term of two (2) years and three (3) members of which shall be appointed to serve for an initial term of three (3) years, each member thereafter appointed to the Citizens' Oversight Committee by the Board to serve for a term of two (2) years and each member to serve for no more than two (2) consecutive terms, (iii) to be provided with each report provided to the Board under this measure and (iv) to remain in existence for so long as any bond proceeds remain unexpended. If this measure is approved, the Board shall establish by one or more resolutions such additional provisions and procedures as shall be necessary to provide for the formation and operation of the Citizens' Oversight Committee.

No Money For Administrators' Salaries. Proceeds from the sale of the bonds authorized by this proposition shall be used only for costs incurred in connection with construction and acquisition of medical facilities, and the cost of the issuance of the bonds, and not for any other purpose, including staff and administrator salaries and other operating expenses.

Special Bond Proceeds Account; Annual Audit And Report to Board. The Board hereby directs that a separate account shall be established for deposit of proceeds of the sale of the bonds authorized by this measure if this measure is approved by the District voters.

For so long as any proceeds of bonds authorized by this measure remain unexpended, the chief financial officer of the District (the "Chief Financial Officer") shall cause a report to be filed with the Board no later than five (5) months after the end of each fiscal year, commencing with the first fiscal year during which any proceeds of bonds authorized by this measure shall have been received. The report shall state (1) the amount of bond proceeds received and expended in such fiscal year and (2) the status of any projects funded or to be funded from the proceeds of bonds authorized to be issued by this measure. The report may be incorporated into or filed with the audit or other appropriate routine report provided to the Board. Audited financial statements of the District will continue to be made available in accordance with applicable requirements.

OTHER TERMS OF BONDS

The bonds authorized hereby, in an aggregate principal amount not exceeding \$496,000,000, shall be issued upon the order of the Board in one or more series and at one or more times as may be necessary and most advantageous to raise money for the purposes set forth herein.

The bonds shall bear interest payable at a rate not exceeding the legal limit (at the current time twelve percent (12%) per annum).

The bonds, or any series thereof, shall have a maturity date no later than forty (40) years following the date of issuance of such series (pursuant to the provisions of California Government Code Section 53508 or any law applicable at the time of issuance of such series).

Principal of and interest on said bonds shall be collected and paid in accordance with Section 32312 of The Local Health Care District Law (the "Law").