

SANTEE SCHOOL DISTRICT

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

MEASURE S

To construct, modernize, update and equip Santee elementary and junior high school classrooms and educational facilities, shall \$15,370,000 of Santee School District bonds, approved by voters in 2006, be reauthorized as new bonds, with legal rates, projected average annual levies of \$0.03 per \$100 of assessed valuation for approximately eight years (an estimated \$2.2 million raised annually), citizens' oversight, audits, no increase in total District debt, and all funds spent locally and not taken by the State?

Bonds—Yes

Bonds—No

This measure requires approval by 55% of those voting on the measure.
Full text of this measure follows the argument in favor.

COUNTY COUNSEL IMPARTIAL ANALYSIS

This measure was placed on the ballot by the governing board of the Santee School District ("District"). This measure, if approved by 55% of the votes cast on the measure, will reauthorize the District to issue and sell \$15,370,000 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 bondholders, the District promises to pay the bondholders 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 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:

- (1) the proceeds from the sale of the bonds are used only for the purposes specified,
- (2) the District evaluates safety, class size reduction, and information technology needs to approve a list of specific projects to be funded,
- (3) the District conducts an annual, independent performance audit to ensure funds have been expended on the specific projects listed, and
- (4) the District conducts an annual, independent financial audit of bond proceeds.

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COUNTY COUNSEL IMPARTIAL ANALYSIS (CONTINUED)

Additionally, if the 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 legal requirements.

Approval of this measure does not guarantee that the specific projects listed by the District will be funded by the sale of the bonds.

A "YES" vote is a vote in favor of authorizing the District to issue and sell \$15,370,000 in general obligation bonds.

A "NO" vote is a vote against authorizing the District to issue and sell \$15,370,000 in general obligation bonds.

TAX RATE STATEMENT

An election will be held in the Santee School District (the "District") on November 6, 2018, to authorize the sale of up to \$15,370,000 in bonds of the District to finance school facilities as described in the proposition. If the bonds are approved, the District expects to issue the bonds in a single 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 information is provided in compliance with Sections 9400 through 9405 of the California Elections Code.

1. The best estimate of the average annual tax rate that would be required to be levied to fund this bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of filing of this statement, is \$0.03 per \$100 of assessed valuation. The final fiscal year in which the tax to be levied to fund this bond issue is anticipated to be collected is fiscal year 2026-27.

2. The best estimate of the highest tax rate that would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$0.03 cents per \$100 of assessed valuation in fiscal year 2019-20.

3. The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all of the bonds are issued and sold is approximately \$17,500,000.

Voters should note that estimated tax rates are based on the ASSESSED VALUE of taxable property on the County's official tax rolls, not on the property's market value, which could be more or less than the assessed value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Certain taxpayers may also be eligible to postpone payment of taxes. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. The average annual tax rate, the highest tax rate and the year or years in which they will apply, and the actual total debt service, may vary from those presently estimated due to variations in the timing of bond sales, the amount of bonds sold, 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, including the legal limitations on bonds approved by a 55% affirmative vote. 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.

Dated: May 15, 2018.

/s/ Kristin Baranski, Ed.D.
Superintendent, Santee School District

Approval of Measure S does not guarantee that the proposed project or projects in the Santee School District that are the subject of bonds under Measure S will be funded beyond the local revenues generated by Measure S. 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 S

Vote YES on Measure S!

In 2006, Santee voters passed a general obligation bond to improve and protect our community's most important assets – our local elementary schools. As promised, tremendous improvements have been made in repairing, rehabilitating, and upgrading every school in Santee School District.

By reauthorizing \$15.37 million of previously approved bonds, Measure S will allow us to **continue improving our schools** without increasing the District's total authorized debt. Bonds will be issued as short-term, thereby saving taxpayers millions of dollars in future interest payments and future increased construction costs.

Measure S will provide modern facilities that will greatly enhance the overall quality of learning and lay the foundation our students need for success in high school, college and beyond. Measure S will achieve this goal while protecting taxpayers.

Measure S will allow us to **continue improving our schools** by:

- Modernizing and replacing aging classrooms and school facilities to meet health and safety requirements
- Upgrading science classrooms
- Revitalizing and expanding media centers/libraries

Measure S will **protect taxpayers** by:

- Saving millions of dollars of increased interest payments and future construction costs
- Requiring annual audits and independent taxpayer oversight of the funds
- Prohibiting funds from going to teacher and administrators' salaries, pensions or benefits
- Imposing tough legal safeguards requiring all monies to be spent on our local schools

Vote YES on Measure S:

- To enhance property values and home prices by improving our local schools
- For 21st Century state-of-the-art education facilities
- To protect taxpayers with independent financial audits

Join parents, teachers, grandparents, guardians, neighbors and community leaders in voting YES on Measure S to build better and safer schools, improve student achievement, protect property values, and most importantly, build a better future for Santee students.

Eugene M Chubb

Buddy Rabaya
SMOAC

Jean Brittain
Past President,
Tierra Del Sol PTA

Dianne El-Hajj
President,
Santee Board of Education

Haney Hong
President and CEO, San Diego County Taxpayers Association

ARGUMENT AGAINST MEASURE S

No argument against the measure was filed in the office of the Registrar of Voters.

FULL TEXT OF MEASURE S

SANTEE SCHOOL DISTRICT EDUCATIONAL FACILITIES CONSTRUCTION MEASURE

This measure may be known and referred to as the "Santee School District Educational Facilities Construction Measure" or as "Measure S".

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the voters of the Santee School District (the "District") voting on the proposition, the District shall be authorized to issue and sell up to \$15,370,000 aggregate principal amount of bonds, previously approved by voters in 2006, but reauthorized as new bonds, with no increase in total District debt as provided herein to provide financing for the specific school facilities projects listed under the heading entitled "BOND PROJECT LIST" below (the "Bond Project List"), subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically 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 school facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Sections 15264 and following of the California Education Code (the "Education Code")).

Evaluation of Needs. The Board of Education of the District (the "Board") has prepared an updated facilities plan in order to evaluate and address all of the facilities needs of the District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitations on Use of Bonds. Proceeds from the sale of bonds authorized by this proposition shall be used only 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, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Independent Citizens' Oversight Committee. The Board shall establish an independent citizens' oversight committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date that the Board enters the election results on its minutes pursuant to Section 15274 of the Education Code. In accordance with Section 15282 of the Education Code, the citizens' oversight committee shall consist of at least seven members and shall include a member active in a business organization representing the business community located within the District, a member active in a senior citizens' organization, a member active in a bona fide taxpayers' organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization. No employee or official of the District and no vendor, contractor or consultant of the District shall be appointed to the citizens' oversight committee. In accordance with Section 15278(c) of the Education Code, as may be amended from time to time, the citizens' oversight committee may engage in receiving and reviewing copies of any deferred maintenance proposals or plans developed by the District.

FULL TEXT OF MEASURE S (CONTINUED)

Annual Performance Audits. The Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for performance audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Annual Financial Audits. The Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for financial audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition 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 of the District 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 the sale of the first series of bonds, stating (a) the amount of bond proceeds received and expended in that year, and (b) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent of the District shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

Project Labor Agreements. In an effort to increase competition and maintain fairness among all potential contractors, reduce costs of construction, and efficiently apply taxpayer dollars, the District, to the extent doing so is not prohibited by law (including the doctrines of legislative entrenchment and the single subject rule) and does not eliminate any eligibility for potential State or federal funding or financial assistance, hereby declares that it shall not build and maintain bond-financed facilities under a project labor agreement.

State of California Matching Grant Funds. In order to maximize community benefit and efficiently apply taxpayer dollars, the District hereby declares its intention to seek, where practical and economical, State of California matching grant funds for eligible projects.

Other Accountability Safeguards. To the extent doing so is not prohibited by law (including the doctrines of legislative entrenchment and the single subject rule), the District shall structure the bonds to mature in compliance with Section 147(b) of the Internal Revenue Code (or any successor thereto).

FURTHER SPECIFICATIONS

Joint-Use Projects. In order to maximize community benefit and efficiently apply taxpayer dollars, the District will make a good faith effort, where practical and economical, to incorporate joint use elements into the specific projects the District proposes to finance with proceeds of the bonds. To this end, the District will contact local agencies with overlapping jurisdictions to develop and pursue, where practical and economical, the incorporation of such joint use elements into such bond projects. Accordingly, the District may enter into agreements with other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as

FULL TEXT OF MEASURE S (CONTINUED)

permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board shall determine.

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, 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, pursuant to California Government Code Section 53410.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest shall be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than the statutory maximum number of years from the date borne by that bond.

COVENANT WITH RESPECT TO REAUTHORIZED BONDS

On November 7, 2006, voters of the District approved the issuance of bonds of the District in the aggregate principal amount of \$60,000,000 (the "Measure R Bonds"). The District has previously issued five series of Measure R Bonds, leaving \$15,371,421 principal amount of Measure R Bonds which have been authorized but unissued by the District (the "Unissued Measure R Bonds"). However, Section 15268 of the Education Code requires that, at the time of issuance of any series of Measure R Bonds, the District must project that the tax rate levied to pay debt service on such Measure R Bonds, together with debt service due on other series of Measure R Bonds which have previously been issued, will not exceed \$30 per year per \$100,000 of taxable property when projected by the District to increase in accordance with Article XIII A of the California Constitution. Moreover, as a result of the general economic downturn commencing in 2008 and resulting declines in the assessed valuations of property in the District, the Board has determined that the District will not in the immediate future be able to meet the projection limitation imposed by Section 15268 of the Education Code and, therefore, will not be able to issue all of the Unissued Measure R Bonds.

Since there is a need to continue the renovation and construction of District educational projects, the Board has determined to submit to the electors of the District the question whether a new issue of bonds authorized by this proposition shall be issued and sold for the purpose of raising money to complete educational projects for which the Measure R Bonds have been authorized and certain other projects as described in the Bond Project List. In order to ensure that the issuance of the newly authorized bonds will not result in an increase in the total District bonded indebtedness authorized pursuant to Measure R, the Board has determined it is in the best interest of the District to covenant that (i) prior to issuing any series of bonds authorized by this proposition, the Board will take all actions which are required to petition the Board of Supervisors of the County of San Diego to cancel a like aggregate principal amount of Unissued Measure R Bonds, and (ii) under all circumstances, not to authorize the issuance of or issue any Unissued Measure R Bonds or bonds authorized by this proposition if such issuance would cause the aggregate principal amount of all of the Measure R Bonds which are issued by the District, together with the aggregate principal amount of the bonds authorized by this proposition which are issued by the District, to exceed \$60,000,000.

FULL TEXT OF MEASURE S (CONTINUED)

ESTIMATED BALLOT INFORMATION

The District is required by law to include in the statement of the measure to be voted on estimates of the amount of money to be raised annually to repay the bonds and the rate and duration of the tax to be levied for the bonds.

As of the time this proposition was placed on the ballot, the District estimated that \$2,200,000 of money on average would be raised annually for the repayment of the authorized bonds for approximately 8 years at a projected average tax rate of 3 cents per \$100 of assessed valuation. Attention of all voters is directed to the fact that such information is based upon the District's projections and estimates only, which are not binding upon the District. The amount of money to be raised annually and the rate and duration of the tax to be levied for the bonds 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.

BOND PROJECT LIST

The Bond Project List below lists the specific projects the District proposes to finance with proceeds of the bonds. The Bond Project List shall be considered a part of the bond proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition. Listed projects will be completed as needed at a particular school or facility site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. Any authorized repairs shall be capital expenditures. The Bond Project List does not authorize non-capital expenditures. Each project is assumed to include its share of costs of the election and bond issuance, construction-related costs, such as project and construction management, architectural, engineering, inspection and similar planning and testing costs, demolition and interim housing costs, legal, accounting and similar fees, costs related to the independent annual financial and performance audits, a contingency for unforeseen design and construction costs, and other costs incidental to or necessary for completion of the listed projects (whether the related work is performed by the District or third parties). The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State of California grant funds for eligible projects, have not yet been secured. Therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Alternatively, if the District obtains unexpected funds from non-bond sources with respect to listed projects, such projects may be enhanced, supplemented or expanded to the extent of such funds. Some projects may be subject to further government approvals, including by State officials and boards and/or local environmental or agency approval. Inclusion of a project on the Bond Project List is not a guarantee that the project will be completed (regardless of whether bond funds are available).

FULL TEXT OF MEASURE S (CONTINUED)

The specific projects authorized to be financed with proceeds of the bonds under this proposition are as follows:

EDUCATIONAL FACILITIES CONSTRUCTION MEASURE PROJECTS
CHET F. HARRITT SCHOOL
The following projects are authorized to be financed at the Chet F. Harritt School:
<ul style="list-style-type: none"> • Construct and equip new classrooms and classroom buildings to increase capacity and to replace portable buildings with permanent facilities. • Construct and equip new learning resource center, including, but not limited to, library facilities, technology laboratories, and restrooms. • Acquisition and installation of fixtures, furnishings and equipment, including, but not limited to, technology equipment. • Construct, install and/or equip physical education locker rooms and related facilities. <p>All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).</p>
PRIDE ACADEMY AT PROSPECT AVENUE SCHOOL
The following projects are authorized to be financed at the Pride Academy at Prospect Avenue School:
<ul style="list-style-type: none"> • Construct and equip new learning resource center, including, but not limited to, library facilities, technology laboratories, and restrooms. • Acquisition and installation of fixtures, furnishings and equipment, including, but not limited to, technology equipment. <p>All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).</p>
SYCAMORE CANYON SCHOOL
The following projects are authorized to be financed at the Sycamore Canyon School:
<ul style="list-style-type: none"> • Construct and equip new learning resource center, including, but not limited to, library facilities, technology laboratories, and restrooms. • Acquisition and installation of fixtures, furnishings and equipment, including, but not limited to, technology equipment. <p>All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).</p>

FULL TEXT OF MEASURE S (CONTINUED)

MISCELLANEOUS

All listed bond projects include the following as needed:

- Removal of hazardous materials such as asbestos and lead paint as needed.
- Construction and/or installation of access improvements for disabled persons, as required by state and federal law.
- Planning, designing, and constructing the school facilities, including costs related to construction services, architectural design, engineering, site inspection and testing services and plan review fees.
- Necessary onsite and offsite preparation or development related to construction and/or installation, including demolition of structures; removing, replacing, or installing irrigation, drainage, utility lines (gas, water, sewer, electrical, data and voice, etc.), trees and landscaping; relocating fire access roads; and acquiring any necessary easements, licenses, land or rights of way made necessary by listed bond projects.
- Address other unforeseen conditions revealed by construction, renovation or modernization (including plumbing or gas line breaks, dry rot, seismic and structural deficiencies, etc.).
- Acquire or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including portables/relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- All other costs and work necessary and incidental to the listed bond projects.

GENERAL PROVISIONS

Severability. If any provision of this bond proposition, or part thereof, is for any reason held by a court of competent jurisdiction to be invalid for any reason, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this bond proposition are severable.

Headings. The headings or titles of the sections of the bond proposition, including any headings or titles included in the bond project list, are solely for convenience of reference and shall not affect the meaning, construction or effect of the bond proposition.