



# Santee School District

**SCHOOLS:**

Cajon Park  
Carlton Hills  
Carlton Oaks  
Chet F. Harritt  
Hill Creek  
Pepper Drive  
PRIDE Academy  
at Prospect Avenue  
Rio Seco  
Sycamore Canyon  
Alternative  
Success Program

## NOTICE OF SPECIAL MEETING of the BOARD OF EDUCATION

Written notice is hereby given in accordance with Government Code Section 54956 that the following special meeting of the Board of Education of the Santee School District will be held:

**DATE:** October 26, 2010  
**TIME:** 6:00 P.M.  
**PLACE:** Santee School District –Educational Resource Center  
9619 Cuyamaca St., Santee, CA 92071

The business transacted at the meeting shall be limited to the following:

**A. CALL TO ORDER AND APPROVAL OF AGENDA**

**B. PUBLIC COMMUNICATION**

*During this time, citizens are invited to address the Board of Education about any item on this special meeting agenda. The Board has a policy limiting any speaker to five minutes.*

**C. CONSENT ITEMS**

**1. Adoption of Resolution #1011-07 Opposing California State Proposition 19**

It is recommended that the Board of Education adopt resolution #1011-07 opposing California State Proposition 19.

**D. BOARD WORKSHOP ON THE SANTEE SCHOOL DISTRICT CAPITAL IMPROVEMENT PROGRAM: DISCUSSION AND/OR ACTION ITEMS**

**1. Capital Improvement Program Update and Board Direction on Certain Funding Issues**

Administration will present an update on the Capital Improvement Program and various scenarios for initiation of modernization work as funding becomes available. The following items will be reviewed and discussed:

- CIP Expenditures through September 30, 2010
- CIP Cash Flow and Remaining Commitments
- State Grant Unfunded Approvals and Probable Timing of Funding
- State Funding for Prospect Ave and Sycamore Canyon Joint Use Projects
- GO Bonding Capacity and Scenarios for Expedited Issuance
- CIP Sources and Uses and Possible Funding for Phase II work

BOARD OF EDUCATION • Dan Bartholomew, Dustin Burns, Allen Carlisle, Dianne El-Hajj, Barbara Ryan  
DISTRICT SUPERINTENDENT • Patrick Shaw, Ed.D.

9625 Cuyamaca Street • Santee, California 92071-2674 • (619) 258-2300 • www.santeesd.net

**2. Adoption of Resolution #1011-08 Authorizing the Filing of an Application for \$15 Million in Qualified School Construction Bonds**

It is recommended that the Board of Education adopt Resolution #1011-08 authorizing an application for \$15 million in Qualified School Construction Bonds.

**E. CLOSED SESSION**

**1. Conference with Legal Counsel-Existing Litigation**

*(Subdivision (a) of Gov't Code §54956.9)*

*Case # 37-2009-00083936-CU-CO-CTL*

**F. RECONVENE TO PUBLIC SESSION**

**G. ADJOURNMENT**

*Santee School District complies with the Americans with Disabilities Act. If you require reasonable accommodations including alternate formats for this meeting, contact the Superintendent's Office at (619) 258-2304.*

Members present:

\_\_\_ Burns  
\_\_\_ Ryan  
\_\_\_ Carlisle  
\_\_\_ Bartholomew  
\_\_\_ El-Hajj

CALL TO ORDER Item A.

1. Call to Order – 6:00 P.M.

2. District mission

*Santee School District, supported by an involved community, an outstanding staff, and a shared vision, assures a quality education that supports students in achieving academic excellence and in developing life skills needed for success in a diverse and changing society.*

3. Approval of Agenda

Agenda Items A.

PUBLIC COMMUNICATION Item B.

During this time, citizens are invited to address the Board of Education about any item on the agenda. Request-to-speak cards should be submitted in advance. The Board may not take action on any item presented. The Board has a policy limiting any speaker to five minutes.

CONSENT ITEMS Item C.

Consent Item C.1. Adoption of Resolution No. 1011-07  
Opposing California State Proposition 19  
Prepared by Dr. Patrick Shaw  
October 26, 2010

**BACKGROUND:**

Santee Solutions Coalition works together with our community partners to mobilize change around youth access and use of alcohol, tobacco and other drugs. Regional collaboration among prevention and advocacy is the key to reducing underage drinking and substance use in Santee. Their goal is to reduce the influences of drugs and alcohol in the Santee community so that youth may grow up to be healthy, productive and engaged adults.

The Santee Solutions Coalition is advocating for opposition to Prop 19, the Recreational Marijuana Use measure on the November Ballot. They have worked with the East Region Marijuana Task Force to propose a resolution for organizations to officially oppose California State Proposition 19. A resolution has been adopted by the Grossmont Union High School District School Board and countless other entities.

The Coalition has requested the Santee Board of Education to consider passing such a resolution

**RECOMMENDATION:**

Administration recommends the Board of Education adopt Resolution No. 1011-07 opposing California State Proposition 19.

**FISCAL IMPACT:**

There is no fiscal impact if this resolution is adopted. However, passing of Proposition 19 could have a substantial financial impact in addressing employee and student issues.

**STUDENT ACHIEVEMENT IMPACT:**

It is the goal of the Santee School District Board of Education that students grow up to be healthy, productive, and engaged adults.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

Agenda Item C.1.

**A RESOLUTION OF THE BOARD OF EDUCATION  
OF THE SANTEE SCHOOL DISTRICT  
OPPOSING CALIFORNIA STATE PROPOSITION 19**

**RESOLUTION NO. 1011-07**

WHEREAS, provisions of Proposition 19 will threaten public safety and endanger thousands of Santee School District and other California residents through increased "drugged driving;" and

WHEREAS, marijuana is associated with many detrimental health effects such as respiratory illnesses, problems with learning and memory, academic achievement, increased heart rate, and impaired coordination; and

WHEREAS, Proposition 19 is opposed by Mothers Against Drunk Driving, the California District Attorneys Association, the California Police Chiefs Association and the California Chamber of Commerce; and

WHEREAS, Proposition 19 allows commercial truck drivers, public transportation operators, doctors, nurses, heavy equipment operators, bus drivers, police officers, and others upon whom the safety of the public depends, to be under the influence of marijuana; and

WHEREAS, Proposition 19 does not regulate marijuana in the same manner as alcohol or tobacco, but rather places the burden on counties and cities to individually regulate marijuana within their own jurisdictions; Now, Therefore

BE IT RESOLVED that the Board of Education of the Santee School District opposes the passage of California State Proposition 19 on the November 2, 2010 ballot.

ON MOTION of Board of Education member \_\_\_\_\_,  
seconded by Board of Education member \_\_\_\_\_, the above  
Resolution was passed and adopted by the Board of Education of the Santee School  
District, County of San Diego, State of California, on this 26th day of October, 2010 by  
the following vote:

AYES:

NOES

I hereby certify that the foregoing is a full, true, and correct copy of the Original Resolution entered in the Minutes of the Santee School District.

By: \_\_\_\_\_  
Allen Carlisle, Clerk

BUDGET WORKSHOP AND DISCUSSION AND/OR ACTION ITEMS Item D.



Discussion and/or Action Item D.1.

Capital Improvement Program Update and Board Direction on Certain Funding Issues

Prepared by Karl Christensen  
October 26, 2010

**BACKGROUND:**

In November 2006, voters passed Proposition R providing \$60 million in General Obligation (GO) Bond authority to partially fund the District's \$129.7 million Capital Improvement Program (CIP). Since that time, 5 schools have been modernized and 4 have received new classroom additions.

Due to a struggling economy, the State has suspended and delayed grant payments for modernization and new construction, and the District has not been able to issue the remaining \$18.9 million in GO bonds. As a result, Phase II of the Capital Improvement Program incorporating modernization for Prospect Avenue, Chet F. Harritt, and Hill Creek schools has been delayed.

Tonight, administration will present an update on the Capital Improvement Program and various scenarios for initiation of modernization work as funding becomes available. The following items will be reviewed and discussed:

- CIP Expenditures through September 30, 2010
- CIP Cash Flow and Remaining Commitments
- State Grant Unfunded Approvals and Probable Timing of Funding
- State Funding for Prospect Avenue and Sycamore Canyon Joint Use Projects
- GO Bonding Capacity and Scenarios for Expedited Issuance
- CIP Sources and Uses and Possible Funding for Phase II Work

**RECOMMENDATION:**

These are information and discussion items only. Action is at the discretion of the Board of Education. Administration also seeks Board direction on whether to apply for State Joint Use funds for Prospect Avenue and Sycamore Canyon schools by the December 2010 deadline.

This recommendation supports the following District goal:

- Provide facilities that optimize the learning environment for all students.

**FISCAL IMPACT:**

The remaining budget for CIP projects is \$47.8 million.

**STUDENT ACHIEVEMENT IMPACT:**

This is a fiscal item. All fiscal resources impact student achievement.

Motion:		Second:		Vote:		Agenda Item D.1.
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**ALL SITES- STATE MODERNIZATION & ADDITIONS**

Project Actuals FY 10-11 As of 09-30-2010

Budget as of April 2009

**Phase One and Two**

**Project Cost Summary by Site**

Code	Category - Item	Chet F Harritt	Carlton Hills	Carlton Oaks	Cajon Park	Hill Creek	Prospect Avenue	Pepper Drive	Rio Socco	Sycamore Canyon	Other Undistributed	Total Expenditures	Total Budget	Remaining
<b>A</b>	<b>Site Costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>B</b>	<b>Planning Costs</b>	1,073,169	1,087,718	1,174,855	1,130,849	1,357,579	567,423	617,262	1,565,006	1,375,497	2,168,089	12,117,447	13,227,875	1,110,428
6200-017	Architect/ Engineering Fees	819,021	810,468	999,022	861,148	1,076,247	356,294	430,713	1,202,418	1,121,286	1,395,612	9,072,229	10,600,554	1,528,325
6200-220	DSA Plan Check Fees	56,139	43,405	40,349	47,477	86,570	32,241	37,540	21,622	35,121	-	400,465	369,295	(31,170)
6200-230	CDE Plan Check Fees	4,165	7,140	8,225	11,223	6,265	9,950	-	8,085	4,620	-	55,673	32,517	(23,156)
6200-240	Preliminary Tests	45,257	46,581	43,495	30,281	45,603	38,776	18,528	52,708	70,998	134,372	526,597	423,989	(102,608)
6200-250	Other Costs- Planning	148,566	180,125	83,764	180,720	142,895	134,162	130,482	280,173	143,471	636,105	2,062,484	1,801,521	(260,963)
<b>C</b>	<b>Construction Costs</b>	2,338,835	12,983,779	13,784,829	16,548,196	465,403	1,541,114	237,204	13,576,709	5,907,779	538,219	67,922,067	111,342,322	43,420,255
6200-270	Main Building Contractor	1,141,373	12,616,688	13,523,006	16,323,393	292,020	1,296,118	39,850	13,430,378	5,762,346	110,390	64,535,564	102,817,644	38,282,080
	New Additions	-	5,577,098	5,433,051	9,481,201	-	-	-	5,394,682	-	-	25,886,032	42,939,020	17,052,988
	Modernization	1,131,897	6,935,332	7,957,568	6,446,453	269,761	1,273,922	-	7,937,937	5,749,753	100,218	37,622,841	51,773,900	13,951,059
	Jt Use Library / Tech	-	-	-	-	-	-	-	-	-	-	-	8,104,725	8,104,725
	Sitework Items	9,476	104,258	132,389	395,738	2,259	22,196	39,850	97,760	12,593	10,172	826,692	-	(826,692)
6200-272	Construction Management Fees / Reimb	4,434	23,974	23,744	54,259	-	7,158	-	9,756	4,636	-	127,941	3,764,574	3,636,633
6200-175	Demolition (CP only)	-	-	-	55,551	-	-	-	-	-	-	55,551	55,551	0
	Cooling Tower Relocation (CP only)	-	-	-	55,551	-	-	-	-	-	-	55,551	55,551	0
6200-274	Other Costs - Construction	1,124,372	239,024	95,722	110,154	103,952	164,523	186,779	115,670	123,997	427,829	2,692,023	4,016,637	1,324,614
	Field Improvements (All except SC)	1,003,430	104,121	30,308	-	30,356	48,759	-	-	-	6,720	1,223,694	2,103,544	879,850
	Other Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-
	Quick Start Projects	120,941	134,902	65,414	110,154	73,596	115,764	186,779	115,670	123,997	421,109	1,468,328	1,913,093	444,765
6200-274	Utility Fees / Costs	68,656	104,093	142,356	4,839	69,431	73,316	10,574	20,923	16,800	-	510,988	687,916	176,928
<b>D</b>	<b>Construction Testing Costs</b>	6,708	107,599	117,383	149,019	-	16,534	-	104,503	52,116	4,655	558,517	1,204,131	645,613
6200-280	Const. Testing & HAZMAT Monitoring	6,708	107,599	117,383	149,019	-	16,534	-	104,503	52,116	4,655	558,517	1,204,131	645,613
<b>E</b>	<b>Construction Inspection Costs</b>	8,533	189,614	167,587	204,297	4,007	8,357	-	130,533	30,288	-	743,214	1,216,034	472,820
6200-290	Inspection	8,533	189,614	167,587	204,297	4,007	8,357	-	130,533	30,288	-	743,214	1,216,034	472,820
<b>F</b>	<b>Furniture &amp; Equipment Costs</b>	19,052	67,202	85,459	90,947	17,626	30,438	18,513	83,243	91,848	52,261	556,589	1,105,000	548,411
6400-490	Furniture & Equipment Costs	19,052	67,202	85,459	90,947	17,626	30,438	18,513	83,243	91,848	52,261	556,589	1,105,000	548,411
<b>G</b>	<b>Project Contingency</b>	-	-	-	-	-	-	-	-	-	-	-	1,582,275	1,582,275
6200-099	Project Contingency	-	-	-	-	-	-	-	-	-	-	-	1,582,275	1,582,275
<b>TOTAL EXPENDITURES</b>		<b>3,446,296</b>	<b>14,435,912</b>	<b>15,330,113</b>	<b>18,123,307</b>	<b>1,844,615</b>	<b>2,163,866</b>	<b>872,979</b>	<b>15,459,993</b>	<b>7,457,528</b>	<b>2,763,225</b>	<b>81,897,833</b>	<b>129,677,637</b>	<b>47,779,804</b>
<b>ALLOCATED UNDISTRIBUTED</b>		<b>120,338</b>	<b>504,074</b>	<b>535,297</b>	<b>632,830</b>	<b>64,410</b>	<b>75,558</b>	<b>30,483</b>	<b>539,832</b>	<b>260,402</b>	<b>-</b>	<b>2,763,225</b>	<b>-</b>	<b>-</b>
<b>TOTAL PER BUDGET</b>		<b>16,146,100</b>	<b>14,827,721</b>	<b>15,687,397</b>	<b>17,052,332</b>	<b>16,112,642</b>	<b>10,010,841</b>	<b>13,666,704</b>	<b>15,634,229</b>	<b>10,539,670</b>	<b>-</b>	<b>-</b>	<b>129,677,637</b>	<b>-</b>
<b>REMAINING</b>		<b>12,579,467</b>	<b>(112,265)</b>	<b>(178,013)</b>	<b>(1,703,805)</b>	<b>14,203,617</b>	<b>7,771,416</b>	<b>12,763,243</b>	<b>(365,596)</b>	<b>2,821,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,779,804</b>
<b>10-15-2010 ENROLLMENT</b>		<b>579</b>	<b>514</b>	<b>890</b>	<b>1,049</b>	<b>783</b>	<b>493</b>	<b>711</b>	<b>945</b>	<b>327</b>	<b>-</b>	<b>6,291</b>	<b>-</b>	<b>-</b>
<b>BUDGET PER STUDENT</b>		<b>27,886</b>	<b>28,848</b>	<b>17,626</b>	<b>16,256</b>	<b>20,578</b>	<b>20,306</b>	<b>19,222</b>	<b>16,544</b>	<b>32,231</b>	<b>-</b>	<b>20,613</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES PER STUDENT</b>		<b>6,160</b>	<b>29,066</b>	<b>17,826</b>	<b>17,880</b>	<b>2,438</b>	<b>4,542</b>	<b>1,271</b>	<b>16,931</b>	<b>23,602</b>	<b>-</b>	<b>13,018</b>	<b>-</b>	<b>-</b>





## Santee Elementary School District Unfunded Approvals

Revised 9/1/2010 - Based on August 4, 2010 SAB Meeting

School District	Application Number	Program	Received Date	SAB Unfunded Approval	SAB Apportionment Action Date	State Share	Required State Funding Apportionment before Santee Projects Apportionment	Fund 047 (Prop. 47)	Fund 057 (Prop. 1D)
<sup>16</sup> Cajon Park	50/68361-00-001	New Construction	12/19/2008	7/22/2009	8/4/2010	\$ 3,439,364	N/A	N/A	\$ 3,439,364
Rio Seco	51/68361-00-002	Facility Hardship	4/30/2009	1/27/2010		2,896,250	8,611,774	2,896,250	-
Carlton Oaks	51/68361-00-003	Facility Hardship	4/30/2009	1/27/2010		959,828	11,508,024	959,828	-
Carlton Hills	51/68361-00-004	Facility Hardship	4/30/2009	1/27/2010		2,816,920	12,467,852	2,816,920	-
Rio Seco	57/68361-00-001	Modernization	2/9/2009	9/23/2009		3,754,879	188,205,800	-	3,754,879
Cajon Park	57/68361-00-002	Modernization	3/5/2009	11/4/2009		3,785,739	310,406,801	-	3,785,739
Sycamore Canyon	57/68361-00-003	Modernization	3/5/2009	11/4/2009		2,155,769	314,192,540	-	2,155,769
Carlton Hills	57/68361-00-004	Modernization	3/5/2009	11/4/2009		3,146,729	316,348,309	-	3,146,729
Carlton Oaks	57/68361-00-005	Modernization	3/5/2009	11/4/2009		3,792,041	319,495,038	-	3,792,041
Carlton Oaks	50/68361-00-002	New Construction	4/30/2009	1/27/2010		2,067,305	495,431,991	2,067,305	-
Harritt (Chet F.)	57/68361-00-007	Modernization	5/27/2009	1/27/2010		2,984,837	613,555,655	-	2,984,837
Hill Creek	57/68361-00-008	Modernization	5/27/2009	1/27/2010		4,206,221	616,540,492	-	4,206,221
Prospect Avenue	57/68361-00-006	Modernization	5/27/2009	4/28/2010		2,589,467	849,512,157	Unpublished	Unpublished
<b>Totals</b>						<b>\$ 35,155,985</b>	<b>\$ 849,512,157</b>	<b>\$ 8,740,303</b>	<b>\$ 23,826,215</b>

**Notes:**

- <sup>1</sup> 41 projects received "Activation of Unfunded Approvals" at the February 24, 2010 SAB meeting \$110,625,332
- <sup>2</sup> On March 12, 2010 Lisa Silverman sent an email to Lisa Kaplan stating the program would receive approximately \$376 million
- <sup>3</sup> The \$376 million will likely be apportioned at the April State Allocation Board Meeting
- <sup>4</sup> A total of approximately \$485,625,332 in apportionments from the unfunded list will have been made if the \$376 million is apportioned in April
- <sup>5</sup> Approximately \$669,439,456 in additional apportionments would need to be made before any of Santee's projects would receive funding
- <sup>6</sup> On March 26, 2010 we received word from CASH of a new bond for \$975 million
- <sup>7</sup> The total of the 3 bonds (\$111 on 2/24/10, \$376 on 3/12/2010 and \$975 million on 3/26/2010) is approximately \$1.462 million
- <sup>8</sup> Santee's first mod project is \$1,574,769,070 on the cumulative column
- <sup>9</sup> \$113,133,714 would remain to be funded ahead of/before Santee's first mod project
- <sup>10</sup> If all apportionments are made at the April SAB Meeting, \$385,958,259 in projects would remain on the Unfunded Approvals list (based on 3/24/10 list)
- <sup>11</sup> 199 projects received \$961 million in apportionments at the April 28, 2010 SAB meeting
- <sup>12</sup> \$421 million is available to the Board for additional apportionments - the board established a sub-committee to discuss ways to stimulate the economy
- <sup>13</sup> The board received a report from OPSC titled "Funding Options" - three options were presented and are the subject of discussion by the committee
- <sup>14</sup> The options are discussed in greater detail in our attached brief
- <sup>15</sup> Based on SAB action May 26, 2010 Participation in Priority Funding Round
- <sup>16</sup> Cajon Park Elementary received \$3,439,364 apportionment at August 4, 2010 SAB meeting

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Volume 30 For Publication Date: October 22, 2010 No. 21  
**Treasurer Releases Succinct Annual Debt Affordability Report**

Earlier this month, State Treasurer Bill Lockyer released a sobering but succinct 2010 Debt Affordability Report. The annual report, prepared pursuant to Government Code Section 12330, is intended to be a framework for the Legislature to evaluate and establish priorities for bills that propose to authorize additional General Fund debt, but could also be used to determine debt service for the budget year.

### **Debt Burden**

As of June 30, 2010, the state had \$68.77 billion in outstanding General Obligation (GO) Bonds, and another \$41.58 billion in authorized-but-unissued GO Bonds. This can be contrasted to the situation as of July 1, 2003—several months before Governor Schwarzenegger was elected—when the state had a total of \$27.607 billion in outstanding GO bonds and a total of \$23.254 billion in authorized-but-unissued bonds. However, quantified in dollar terms only, the debt is hard to understand.

So, to measure the state's debt burden, the Treasurer looks at debt ratios. This year's Debt Affordability Report notes the increasing percentage of the state's General Fund devoted to debt payment, and compares California's debt ratios to those of other large states. California's ratios of debt to personal income (5.6%), debt per capita (\$2,362), and debt as a percentage of state gross domestic product (GDP) (4.73%) rank far above the medians for the ten most populous states (which include California). The debt ratios for the ten most populous states are 2.7% for debt to personal income, \$1,029 debt per capita, and 2.53% debt as a percentage of state GDP. Indeed, California trails only New York in the magnitude of its debt ratios.

Debt service as a percentage of General Fund (GF) revenues was 6.69% in fiscal 2009-10, and was projected to be 7.17% in fiscal 2010-11. The increasing debt service makes it harder for the state to fund other state priorities.

### **Credit Rating**

The report also reflects that California continues to have the lowest GO bond rating of any state. The report summarizes the rating agencies' opinion of the state's credit strengths and challenges. Challenges cited by the rating agencies include:

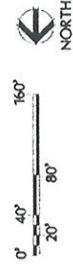
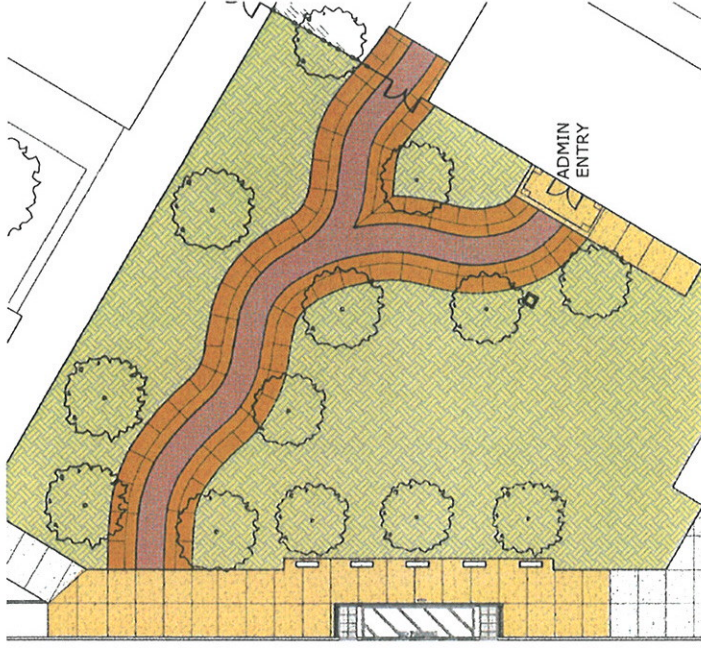
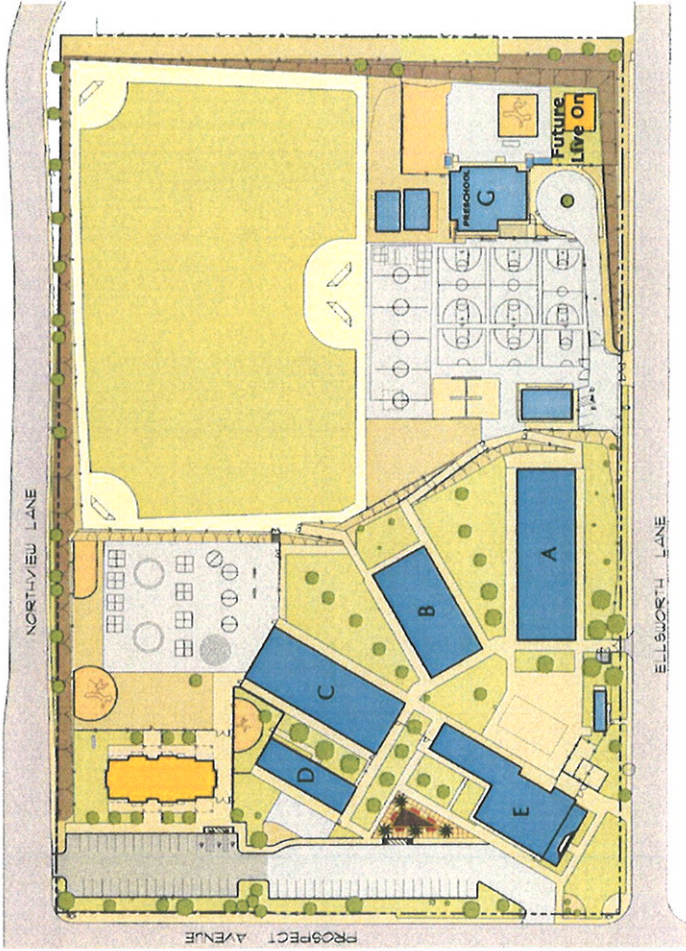
- A large and persistent structural imbalance combined with pronounced revenue cyclicity
- Reliance on one-time solutions (including past deficit borrowing) for longer-term problems
- Two-thirds constitutional requirement for both budget approval and tax increases

### **Debt Policy**

The 2010 report is notable for its conformance to the statutory requirements without a great deal of additional commentary or recommendations. In contrast, the 2009 report contained numerous policy recommendations, including the creation of a Commission on a Master Plan for Infrastructure Financing and Development, adoption of a Master Plan for Infrastructure Financing and Development, and incorporation of the state's infrastructure finance needs into the annual Budget process. However, none of the policy recommendations was adopted during this year's legislative session. In this year's report, the Treasurer simply reiterates the need to develop a long-term Master Plan to meet the state's infrastructure needs, while saying that California needs to pay serious attention to its growing debt service.

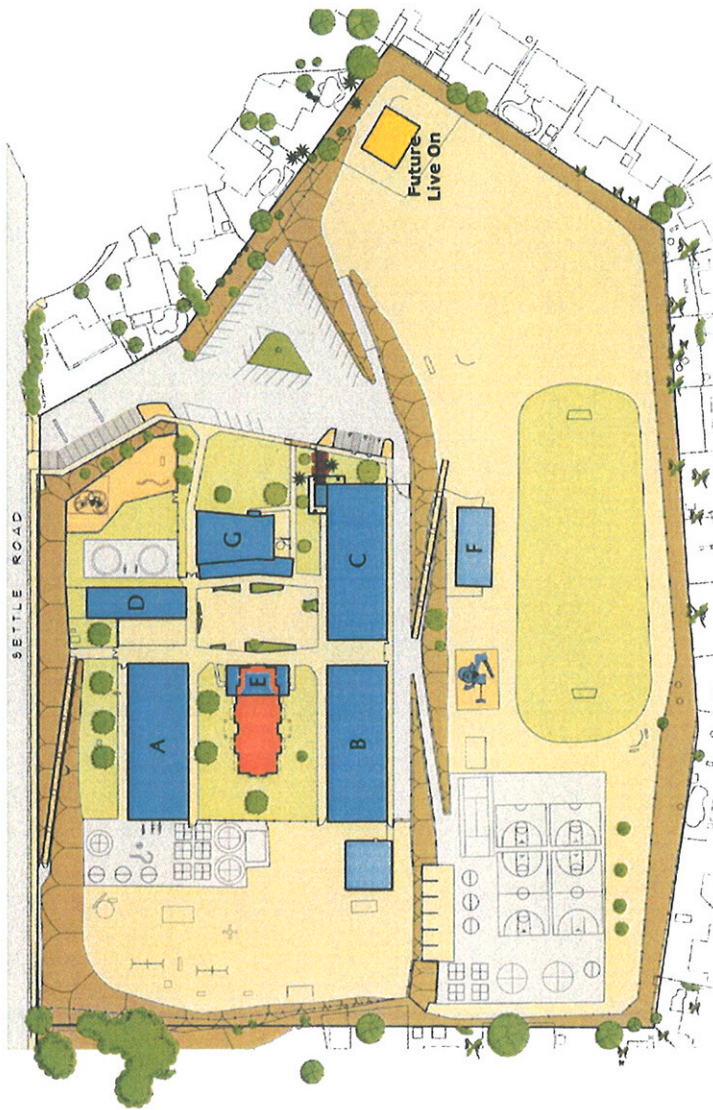
### **Conclusion**

The 2010 report paints a sobering picture of California's debt. Legislators will face very difficult choices moving forward. On the one hand, low interest rates and favorable construction costs will make it appealing to move forward on infrastructure projects. On the other hand, California's poor credit ratings, which translate into higher borrowing costs, and California's high debt burden should make legislators hesitant to authorize additional debt.



- Future Library / Tech Building
- Modernized Building
- New Parking
- Existing Parking
- Legacy Brick Path
- Future Line On





- Future Library / Tech Building (ADDITION)
- Modernized Building
- New Parking
- Existing Parking
- Future Live On



**Advantages/Disadvantages for SC and PA Joint Use Initiation**

<b><u>Site</u></b>	<b><u>Advantages/Benefits</u></b>	<b><u>Disadvantages/Risks</u></b>
PA	<ul style="list-style-type: none"> <li>• Economies of scale with modernization</li> <li>• Obtain \$346k in Joint Use Funds for portion of cost</li> <li>• May not re-qualify for Joint Use Funds in the future</li> <li>• Fulfills bond program promise</li> </ul>	<ul style="list-style-type: none"> <li>• Net additional cost of \$1.1 million with insufficient CIP resources</li> <li>• Risk having to return Joint Use funds with consequences for future funds</li> <li>• Airport Land Use Plan restricts additions for places of assembly over 50</li> </ul>
SC	<ul style="list-style-type: none"> <li>• Economies of scale with PA Joint Use</li> <li>• Obtain \$572k in Joint Use Funds for portion of cost</li> <li>• May not re-qualify for Joint Use Funds in the future</li> <li>• Fulfills bond program promise</li> </ul>	<ul style="list-style-type: none"> <li>• Net additional cost of \$1.1 million with insufficient CIP resources</li> <li>• Risk having to return Joint Use funds with consequences for future funds</li> <li>• May be perceived inequity with additional work at school already modernized</li> <li>• Construction in the middle of campus will occur during school thereby impacting instructional program</li> </ul>



**ASSESSED VALUE OF SECURED AND UNSECURED PROPERTY**

**Santee School District**

<u>Fiscal Year Ending</u>	<u>Local Secured (1)</u>	<u>Annual % Change</u>	<u>Utility (2)</u>	<u>Total Secured</u>	<u>Annual % Change</u>	<u>Unsecured</u>	<u>Annual % Change</u>	<u>Total Valuation</u>	<u>Annual % Change</u>
1980	\$536,108,216	---	\$26,526,960	\$562,635,176	---	\$38,072,952	---	\$600,708,128	---
1981	659,343,548	22.99%	27,969,160	687,312,708	22.16%	32,751,876	-13.98%	720,064,584	19.87%
1982	756,388,967	14.72%	32,680,930	789,069,897	14.81%	24,779,410	-24.34%	813,849,307	13.02%
1983	850,643,415	12.46%	37,257,520	887,900,935	12.53%	30,350,261	22.48%	918,251,196	12.83%
1984	918,300,554	7.95%	43,171,600	961,472,154	8.29%	31,746,032	4.60%	993,218,186	8.16%
1985	1,022,987,635	11.40%	46,347,180	1,069,334,815	11.22%	36,128,399	13.80%	1,105,463,214	11.30%
1986	1,172,769,657	14.64%	49,541,380	1,222,311,037	14.31%	40,227,039	11.34%	1,262,538,076	14.21%
1987	1,288,791,895	9.89%	54,981,990	1,343,773,885	9.94%	41,502,226	3.17%	1,385,276,111	9.72%
1988	1,399,989,057	8.63%	56,797,930	1,456,786,987	8.41%	48,754,051	17.47%	1,505,541,038	8.68%
1989	1,493,444,047	6.68%	45,820	1,493,489,867	2.52%	57,998,441	18.96%	1,551,488,308	3.05%
1990	1,616,051,706	8.21%	8,820	1,616,060,526	8.21%	71,422,919	23.15%	1,687,483,445	8.77%
1991	1,756,067,270	8.66%	8,820	1,756,076,090	8.66%	77,361,760	8.32%	1,833,437,850	8.65%
1992	1,876,812,506	6.88%	8,820	1,876,821,326	6.88%	81,432,262	5.26%	1,958,253,588	6.81%
1993	1,962,920,381	4.59%	8,820	1,962,929,201	4.59%	82,693,412	1.55%	2,045,622,613	4.46%
1994	2,019,120,991	2.86%	2,411	2,019,123,402	2.86%	76,629,492	-7.33%	2,095,752,894	2.45%
1995	2,076,431,804	2.84%	100	2,076,431,904	2.84%	83,505,543	8.97%	2,159,937,447	3.06%
1996	2,128,529,885	2.51%	2,411	2,128,532,296	2.51%	83,554,712	0.06%	2,212,087,008	2.41%
1997	2,138,249,322	0.46%	2,411	2,138,251,733	0.46%	90,496,799	8.31%	2,228,748,532	0.75%
1998	2,166,028,170	1.30%	2,411	2,166,030,581	1.30%	86,583,068	-4.32%	2,252,613,649	1.07%
1999	2,310,572,472	6.67%	100	2,310,572,572	6.67%	96,321,685	11.25%	2,406,894,257	6.85%
2000	2,470,873,662	6.94%	100	2,470,873,762	6.94%	103,975,017	7.95%	2,574,848,779	6.98%
2001	2,578,195,682	4.34%	100	2,578,195,782	4.34%	110,696,761	6.46%	2,688,892,543	4.43%
2002	2,716,280,217	5.36%	100	2,716,280,317	5.36%	111,844,299	1.04%	2,828,124,616	5.18%
2003	2,885,060,341	6.21%	100	2,885,060,441	6.21%	109,854,671	-1.78%	2,994,915,112	5.90%
2004	3,129,659,538	8.48%	100	3,129,659,638	8.48%	127,690,722	16.24%	3,257,350,360	8.76%
2005	3,448,391,430	10.18%	0	3,448,391,430	10.18%	141,034,864	10.45%	3,589,426,294	10.19%
2006	3,886,299,956	12.70%	0	3,886,299,956	12.70%	177,807,055	26.07%	4,064,107,011	13.22%
2007	4,420,284,427	13.74%	0	4,420,284,427	13.74%	181,839,414	2.27%	4,602,123,841	13.24%
2008	4,772,885,551	7.98%	0	4,772,885,551	7.98%	200,149,848	10.07%	4,973,035,399	8.06%
2009	4,955,020,388	3.82%	0	4,955,020,388	3.82%	211,869,779	5.86%	5,166,890,167	3.90%
2010	4,755,224,761	-4.03%	0	4,755,224,761	-4.03%	206,373,408	-2.59%	4,961,598,169	-3.97%
2011	4,738,864,000	-0.34%	0	4,738,864,000	-0.34%	315,673,000	52.96%	5,054,537,000	1.87%
% Change, 1980-2011					742.26%			729.13%	741.43%
Annual Compound Growth, 1980-2011					7.12%			7.06%	7.11%

(1) Net assessed value including the valuation of homeowners' exemptions.

(2) Does not include assessed valuation from the unitary utility roll, beginning in fiscal year 1988-89.

**Santee School District**

Tax Rate Comparison of Bond Election Estimates  
Actual Series A, Series B, Series C and Series D Bonds

Fiscal Year Ending	Annual AV Growth	Tax per \$100,000 Assessed Valuation		
		Proposition 39 Limit (1)	Actual Series A, Series B, Series C and Series D Bonds	Difference
2008	8.06%	\$30.00	\$24.05	(\$5.95)
2009	3.90%	30.00	28.08	(1.92)
2010	-3.97%	30.00	29.16	(0.84)
2011	1.87%	30.00	34.04	4.04
2012	1.00%	30.00	33.16	3.16
2013	5.00%	30.00	33.03	3.03
2014	5.00%	30.00	32.84	2.84
2015	5.00%	30.00	32.65	2.65
2016	5.00%	30.00	32.45	2.45
2017	5.00%	30.00	32.23	2.23
2018	5.00%	30.00	31.99	1.99
2019	5.00%	30.00	31.57	1.57
2020	5.00%	30.00	31.22	1.22
2021	5.00%	30.00	30.80	0.80
2022	5.00%	30.00	30.42	0.42
2023	5.00%	30.00	30.00	(0.00)
2024	5.00%	30.00	29.60	(0.40)
2025	5.00%	30.00	29.25	(0.75)
2026	5.00%	30.00	28.88	(1.12)
2027	5.00%	30.00	28.50	(1.50)
2028	5.00%	30.00	28.14	(1.86)
2029	5.00%	30.00	27.80	(2.20)
2030	5.00%	30.00	27.47	(2.53)
2031	5.00%	30.00	27.08	(2.92)
2032	5.00%	30.00	26.78	(3.22)
2033	5.00%	30.00	26.42	(3.58)
2034	5.00%	30.00	26.11	(3.89)
2035	5.00%	30.00	25.78	(4.22)
2036	5.00%	30.00	25.44	(4.56)
2037	5.00%	30.00	25.14	(4.86)
2038	5.00%	30.00	24.15	(5.85)
2039	5.00%	30.00	22.98	(7.02)
2040	5.00%	30.00	21.88	(8.12)
2041	5.00%	30.00	20.83	(9.17)
2042	5.00%	30.00	19.85	(10.15)
2043	5.00%	30.00	18.89	(11.11)
2044	5.00%	30.00	18.01	(11.99)
2045	5.00%	30.00	17.14	(12.86)
2046	5.00%	30.00	16.33	(13.67)
2047	5.00%	30.00	15.54	(14.46)
2048	5.00%	30.00	14.81	(15.19)
Average Annual Tax		\$30.00	\$26.60	\$3.40
Highest Annual Tax		\$30.00	\$34.04	(\$4.04)

(1) Annual tax amount for an elementary school district per \$100,000 of assessed valuation.

(2) Tax rates are based on the following growth rate assumptions for future assessed value:

1% in 2011-12, 5% in 2012-13 and thereafter.

**PROPOSITION R FINANCING ALTERNATIVES**

**Santee School District  
Proposition R Election of November 2006**

**Financing Alternatives for Payment of 2009 Bond Anticipation Notes <sup>(1)</sup>**

Action	Action Date	Assessed Value Growth Rate Necessary to Accomplish Action	Bond Principal	Bond Proceeds Used for 2009 BAN Takeout	Remaining Proceeds for Projects
Pay 2009 BANs with Cash on Hand; Issue \$5.9M of Bonds for Projects	April 2011	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$5,857,953	None, BAN payoff from cash on hand	\$5,857,953
Issue Bonds to Pay 2009 BANs	April 2011	1.00% in 2011-12, 5.90% in 2012-13 and thereafter	\$12,171,150	\$12,171,562 <sup>(2)</sup>	n/a
Pay 2009 BANs with Cash on Hand; Issue Remaining Proposition R Authorization for Projects	April 2011	1.00% in 2011-12, 6.67% in 2012-13 and thereafter	\$18,901,087	None, BAN payoff from cash on hand	\$18,901,087

(1) Assumes an April 2011 Series E bond financing to raise maximum proceeds based on assessed value growth assumptions.

(2) BAN takeout amount is equal to principal plus interest due at maturity of BANs in May 2011.

**PROPOSITION R FINANCING ALTERNATIVES**

**Santee School District  
Proposition R Election of November 2006**

**Issuance of Remaining Proposition R Authorization under Various Future Growth Rates<sup>(1)</sup>**

Estimated Future Issues	Final Maturity	Assessed Value Growth Rate Necessary to Accomplish Action	Bond Principal	Bond Proceeds Used for 2009 BAN Takeout	Remaining Proceeds for Projects
Series E Bonds Issued in 2011	40 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$5,857,953	None, 2009 BAN payoff from cash on hand	\$5,857,953
Series F Bonds Issued in 2016	40 Years	1.00% in 2011-12, 5.00% in 2012-13 and 2013-14, 8.00% in 2014- 15, 9.00% in 2015-16, 10.50% in 2016-17, 8.00% in 2017-18, 5.00% in 2018-19 and thereafter	\$13,047,776	None, 2009 BAN payoff from cash on hand	\$13,047,776
Remaining Proposition R Authorization			<u>\$18,905,729</u>		<u>\$18,905,729</u>

(1) Assumes an April 2011 Series E bond financing to raise maximum proceeds based on base case assessed value growth assumptions. Assumes second issue in 2016 based on higher growth patterns.

Note: Assumes fixed rate long-term bonds are issued, no Bond Anticipation Notes.

**PROPOSITION R FINANCING ALTERNATIVES**

**Santee School District  
Proposition R Election of November 2006**

**Summary of Financing Outcomes Assuming QSCBs are Issued in April 2011 as BANs or Bonds**

Estimated Future Issues	Final Maturity	Assessed Value Growth Rate Assumptions	Bond Principal	Bond Proceeds Used for 2009 BAN Takeout	Bond Proceeds Used for 2011 BAN Takeout	Remaining Proceeds for Projects
<b>QSCBs Issued as BANs</b>						
QSCBs Issued as BANs in 2011 (Maximum Capacity Based on Payoff in Five Years)	5 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$13,190,000	None, payment of 2009 BAN from cash on hand	n/a	\$12,928,100 <sup>(1)</sup>
Series E Bonds Issued in 2016 (Payoff of BANs on 4/1/2016)	40 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$13,190,000	n/a	\$13,190,000	n/a
Series F Bonds Issued in 2021 (Remaining Authorization)	40 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$5,715,729	n/a	n/a	\$5,715,729
<b>QSCBs Issued as Bonds</b>						
QSCBs Issued as Series E Bonds in 2011 (Maximum Capacity)	13 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$30,000	None, payment of 2009 BAN from cash on hand	n/a	\$30,000 <sup>(2)</sup>
Series F Issued in 2019 (Remaining Authorization)	40 Years	1.00% in 2011-12, 5.00% in 2012-13 and thereafter	\$18,875,729	n/a	n/a	\$18,875,729

(1) Bond proceeds remaining after issuance costs are paid.

(2) Assumes issuance costs are paid from cash on hand, due to the 2% COI limit and the small size of the issue.

**CIP Sources and Uses**

Category	Site	Description	In Bank	Anticipated	Possible	Contingent	Future	Tentative	Total
<b>Sources:</b>		Remaining CIP Funds (Joint Use PA, CFH, HC)	2,047,021						2,047,021
A	Cajon Park	State Grant for Addition	3,439,364						3,439,364
B	Rio Seco	State Grant for Modernization		3,754,879					3,754,879
C	Cajon Park	State Grant for Modernization		3,785,739					3,785,739
D	Sycamore Canyon	State Grant for Modernization		2,155,769					2,155,769
E	Carlton Hills	State Grant for Modernization		3,146,729					3,146,729
F	Carlton Oaks	State Grant for Modernization		3,792,041					3,792,041
G	Rio Seco	State Grant for Addition: Hardship 100%		2,896,250					2,896,250
H	Carlton Oaks	State Grant for Addition: Hardship 30%		959,828					959,828
I	Carlton Oaks	(1) State Grant for Addition 70%			2,067,305				2,067,305
J	Carlton Hills	State Grant for Addition: Hardship 100%		2,816,920					2,816,920
K	Pride Academy	State Grant for Modernization			2,589,467				2,589,467
L	Chet Harritt	State Grant for Modernization			2,984,837				2,984,837
M	Hill Creek	State Grant for Modernization			4,206,221				4,206,221
N	Hill Creek	State Grant for New Construction					2,065,880		2,065,880
O	Chet Harritt	State Grant for New Construction					1,173,524		1,173,524
P	Pepper Dr	State Grant for New Construction					1,727,275		1,727,275
Q	Pride Academy	State Grant for Joint Use Tech Lab				346,421			346,421
R	Sycamore Canyon	State Grant for Joint Use Lib/Tech Lab				572,556			572,556
S	Pepper Dr	State Grant for Modernization - 2017					2,122,425		2,122,425
T		(2) Remaining GO Bond Authorization				5,857,953		13,047,776	18,905,729
		<b>Total</b>	<b>5,486,385</b>	<b>23,308,155</b>	<b>11,847,830</b>	<b>6,776,930</b>	<b>7,089,104</b>	<b>13,047,776</b>	<b>67,556,179</b>
<b>Uses:</b>		BAN Payoff Due May 1, 2011		12,171,562					12,171,562
A	Pride Academy	(4) Modernization and Jt Use		5,829,943					5,829,943
B	Chet Harritt	(4) Modernization and Jt Use		6,066,967					6,066,967
C	Hill Creek	(4) Modernization and Jt Use		8,478,725					8,478,725
D	Chet Harritt	Construct two remaining ballfields		1,336,419					1,336,419
E	Pride Academy	(3) (4) Tech Lab				2,222,748			2,222,748
F	Sycamore Canyon	(3) (4) Lib/Tech Lab				2,284,051			2,284,051
G	Pepper Dr	New 10 Classroom Addition - 2012					8,583,252		8,583,252
H	Hill Creek	New 10 Classroom Addition - 2013					8,310,956		8,310,956
I	Chet Harritt	New 10 Classroom Addition - 2014					8,643,394		8,643,394
J	Pepper Dr	Modernization - 2017					7,074,749		7,074,749
		<b>Total</b>	<b>0</b>	<b>33,883,616</b>	<b>0</b>	<b>4,506,799</b>	<b>32,612,352</b>	<b>0</b>	<b>71,002,767</b>
		<b>Difference</b>	<b>5,486,385</b>	<b>(10,575,461)</b>	<b>11,847,830</b>	<b>2,270,131</b>	<b>(25,523,248)</b>	<b>13,047,776</b>	<b>(3,446,587)</b>
(1) Lower possibility than hardship funds									
(2) Prognosis for obtaining Tentative Source T is unfavorable for at least another 9 years, given AV growth assumptions									
(3) Must contract by Dec 2010 or lose pending Jt Use funds. May not re-qualify.									
(4) Estimates from 10-25-10 analysis. For Jt Use, estimates based on bid process.									

**CIP Sources and Uses**

Plan	Type	Description	Amount	Cum Remng	Comments
S2011 Plan	Sources	State Funding Apportioned August 4, 2010	3,439,364		
		Joint Use Funds already received and reserved	2,047,021		Used for Gen Fund cash flow through July 2011
		(1) Hardship Funding from Dec 8 SAB expected	6,672,998	28,482,987	Remaining Unfunded Approvals
		GO Bond Issue April 2011	5,857,953		
		<b>Total Sources</b>	<b>18,017,336</b>		
	Uses	Payoff BAN	12,171,562	<b>5,845,774</b>	
		PA Modernization	5,829,943	15,831	
		CFH Modernization	6,066,967	(6,051,136)	
		CFH Remaining 2 ballfields	1,336,419	(7,387,555)	
		HC Modernization	8,478,725	(15,866,280)	
		<b>Total Uses</b>	<b>33,883,616</b>		
		<b>Difference: Surplus(Deficit)</b>	<b>(15,866,280)</b>		
		(1) SAB has \$70 million to allocate Dec 8 under New Priority Order			
		<b>Combinations:</b>			
		PA & CFH Mod	11,896,910	(6,051,136)	
		PA & HC Mod	14,308,668	(8,462,894)	
		CFH & HC Mod	14,545,692	(8,699,918)	
		PA, CFH & HC Mod	20,375,635	(14,529,861)	
		PA & CFH Mod and ballfields	13,233,329	(7,387,555)	
		PA & HC Mod and CFH ballfields	15,645,087	(9,799,313)	
		CFH & HC Mod & CFH ballfields	15,852,111	(10,036,337)	
		PA, CFH & HC Mod and CFH ballfields	21,712,054	(15,866,280)	

### CIP Sources and Uses

Plan	Type	Description	Amount	Cum Remng	Comments
S2011 Plan	Sources	State Funding Apportioned August 4, 2010	3,439,364		
		Joint Use Funds already received and reserved	2,047,021		Used for Gen Fund cash flow through July 2011
		(1) Hardship Funding from Dec 8 SAB expected	6,672,998	28,482,987	Remaining Unfunded Approvals
		QSCB BAN Issue April 2011	12,928,100		
		<b>Total Sources</b>	<b>25,087,483</b>		
	Uses	Payoff BAN	12,171,562	<b>12,915,921</b>	
		PA Modernization	5,829,943	7,085,978	
		CFH Modernization	6,066,967	1,019,011	
		CFH Remaining 2 ballfields	1,336,419	(317,408)	
		HC Modernization	8,478,725	(8,796,133)	
		<b>Total Uses</b>	<b>33,883,616</b>		
		<b>Difference: Surplus(Deficit)</b>	<b>(8,796,133)</b>		
		(1) SAB has \$70 million to allocate Dec 8 under New Priority Order			
		<b>Combinations:</b>			
		PA & CFH Mod	11,896,910	1,019,011	
		PA & HC Mod	14,308,668	(1,392,747)	
		CFH & HC Mod	14,545,692	(1,629,771)	
		PA, CFH & HC Mod	20,375,635	(7,459,714)	
		PA & CFH Mod and ballfields	13,233,329	(317,408)	
		PA & HC Mod and CFH ballfields	15,645,087	(2,729,166)	
		CFH & HC Mod & CFH ballfields	15,882,111	(2,966,190)	
		PA, CFH & HC Mod and CFH ballfields	21,712,054	(8,796,133)	



Discussion and/or Action Item D.2.  
Prepared by Karl Christensen  
October 26, 2010

Adoption of Resolution #1011-08 Authorizing  
the Filing of an Application for \$15 million in  
Qualified School Construction Bonds

**BACKGROUND:**

The American Recovery and Reinvestment Act of 2009 ("ARRA") established a program to enable local educational agencies to issue Qualified School Construction Bonds ("QSCBs") for the purpose of financing the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which such a public school facility is to be constructed. QSCBs are debt instruments the interest costs of which are 100% subsidized by the Federal Government. QSCBs have a maximum maturity of 19 years.

California has \$720 million available and is taking applications beginning November 5, 2010. There is no guarantee that Santee School District will receive an allocation and even if received, there is no obligation to issue the bonds. Applying for the authorization gives the District some time to evaluate and plan for receipt of State Grant funds and initiation of Phase II modernization work. If it is decided to move forward with issuance, QSCBs would be issued as Bond Anticipation Notes ("BANs") to obtain approximately \$13 million in construction proceeds. The BANs would then need to be paid off within 5 years using GO Bonds.

There is some inherit risk in this mechanism. If Assessed Valuation ("AV") growth is insufficient to produce enough GO Bond proceeds to payoff the entire BAN within 5 years, Certificates of Participation ("COPs") or Lease Revenue Bonds ("LRB") would need to be issued to make up the difference. These could be issued with no debt service payments for several years to allow enough time for AV to grow to a level allowing a second GO bond issue to retire the COPs. In this way, the burden on, and risk to, the General Fund could be minimized but not eliminated. The District will need to carefully measure this risk before issuing QSCB BANs after seeing if additional funds are forthcoming from the State for its Unfunded Approvals and deciding upon which projects to initiate during the summer of 2011.

In authorizing application for QSCBs, the District is certifying the following:

- A. One hundred percent (100%) of the issuance proceeds of the QSCBs issued by the School District will be used for:
  1. construction of public school facilities;
  2. rehabilitation or repair of public school facilities;
  3. acquisition of land on which public school facilities will be constructed with proceeds of such QSCBs; or
  4. equipment related to the project(s) constructed or reconstructed with the proceeds of such QSCBs.

- B. Within six (6) months of issuance of such QSCBs, the District shall enter into a contract or contracts for the use of proceeds of such QSCBs equal to ten percent (10%) of such QSCBs.
- C. One hundred percent of the proceeds of such QSCBs will be used for a qualified purpose and be spent within three (3) years of the date of issuance of such QSCBs.
- D. All laborers and mechanics employed by contractors or subcontractors on projects funded by the proceeds of such QSCBs shall be paid wages and fringe benefits at rates not less than those prevailing on similar projects within the District.
- E. All applicable State and local law requirements governing conflicts of interest are satisfied with respect to such QSCBs and if additional conflict of interest rules are imposed by Internal Revenue Service regulation, such additional rules will be satisfied with respect such QSCBs.
- F. Within fifteen (15) days of the issuance of such QSCBs, the District will submit to CDE a copy of the appropriate Federal Internal Revenue Code Form, Information Return for Tax-Exempt Bonds as confirmation of such issuance.
- G. Thirty days after the completion of the expenditure of the proceeds of the QSCBs, a completion report as required by CDE shall be submitted to CDE and certified by the District's bond counsel.
- H. In the event that the District does not issue such QSCBs in the full amount of the authorization granted to the District within six (6) months of the date of authorization, any and all unused portion of the authorization, without further action by this Board of Education, shall revert to CDE.

**RECOMMENDATION:**

It is recommended that the Board of Education adopt Resolution #1011-08 authorizing application for \$15 million in Qualified School Construction Bonds.

This recommendation supports the following District goal:

- Pursue actively the funding and resources to fulfill our mission and maintain fiscal solvency.
- Provide facilities that optimize the learning environment for all students.

**FISCAL IMPACT:**

The fiscal impact is up to \$15 million in proceeds for the Capital Improvement Program

**STUDENT ACHIEVEMENT IMPACT:**

This is a fiscal item. All fiscal resources impact student achievement.

Motion:		Second:		Vote:		Agenda Item D.2.
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RESOLUTION #1011-08

A RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTEE SCHOOL DISTRICT AUTHORIZING THE FILING OF AN APPLICATION FOR A QUALIFIED SCHOOL CONSTRUCTION BOND AUTHORIZATION AND PROVIDING CERTIFICATIONS IN CONNECTION WITH SUCH APPLICATION

WHEREAS, by the enactment of the American Recovery and Reinvestment Act of 2009 (the "ARRA"), Congress established a program to enable local educational agencies (each, an "LEA") to issue Qualified School Construction Bonds ("QSCBs") for the purpose of financing the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which such a public school facility is to be constructed ("Authorized Projects"); and

WHEREAS, the ARRA established a national QSCB limitation for calendar year 2010 (the "2010 QSCB Limitation"); and

WHEREAS, the ARRA provides that the 2010 QSCB Limitation is to be allocated by the Secretary of the Treasury (the "Secretary") among the states pursuant to the provisions thereof; and

WHEREAS, the Secretary has allocated \$720,058,000 of the 2010 QSCB Limitation to the State of California (the "2010 State QSCB Allocation"); and

WHEREAS, the California Department of Education ("CDE") has established an application procedure by which LEAs in California may apply for a portion of the 2010 State QSCB Allocation; and

WHEREAS, the Santee School District (the "School District") desires to apply for an authorization of QSCBs in the amount of \$15 million for the purpose of financing the renovation and modernization of two district schools; and

WHEREAS, the Board of Education desires to (a) authorize the Superintendent or his designee to execute and submit such application on behalf of the Board of Education and (b) provide the certifications to CDE required to be submitted as part of the application process.

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SANTEE SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER THAT:

Section 1. Authorization to Execute and Submit Application. The Board of Education hereby authorizes the Superintendent or his designee to execute and submit an application to CDE for an authorization of QSCBs in the amount of \$15 million for the

purpose of financing renovation and modernization of two district schools (the "Application").

Section 2. Certifications. The Board of Education hereby certifies as to such application as follows:

- I. One hundred percent (100%) of the issuance proceeds of the QSCBs issued by the School District will be used for:
  1. construction of public school facilities;
  2. rehabilitation or repair of public school facilities;
  3. acquisition of land on which public school facilities will be constructed with proceeds of such QSCBs; or
  4. equipment related to the project(s) constructed or reconstructed with the proceeds of such QSCBs.
- J. Within six (6) months of issuance of such QSCBs, the School District shall enter into a contract or contracts for the use of proceeds of such QSCBs equal to ten percent (10%) of such QSCBs.
- K. One hundred percent of the proceeds of such QSCBs will be used for a qualified purpose and be spent within three (3) years of the date of issuance of such QSCBs.
- L. All laborers and mechanics employed by contractors or subcontractors on projects funded by the proceeds of such QSCBs shall be paid wages and fringe benefits at rates not less than those prevailing on similar projects within the School District.
- M. All applicable State and local law requirements governing conflicts of interest are satisfied with respect to such QSCBs and if additional conflict of interest rules are imposed by Internal Revenue Service regulation, such additional rules will be satisfied with respect such QSCBs.
- N. Within fifteen (15) days of the issuance of such QSCBs, the School District will submit to CDE a copy of the appropriate federal Internal Revenue Code Form, Information Return for Tax-Exempt Bonds as confirmation of such issuance.
- O. Thirty days after the completion of the expenditure of the proceeds of the QSCBs, a completion report as required by CDE shall be submitted to CDE and certified by the District's bond counsel.



CLOSED SESSION Item E.

The Board will meet in closed session to discuss the following:

1. **Conference with Legal Counsel-Existing Litigation**  
*(Subdivision (a) of Gov't Code §54956.9)*  
*Case # 37-2009-00083936-CU-CO-CTL*

RECONVENE TO PUBLIC SESSION Item F.

ADJOURNMENT Item G.