CAPISTRANO UNIFIED SCHOOL DISTRICT
BOARD REPORT

To: Board of Trustees

From: Clark Hampton, Deputy Superintendent, Business and Support Services

Date: June 15, 2022

Board Item: Resolution No. 2122-75 or Resolution No. 2122-78, Resolution of the Board of Trustees of the Capistrano Unified School District Ordering a School Bond Election on November 8, 2022, within School Facilities Improvement District No. 2 of the Capistrano Unified School District and Authorizing Necessary Actions in Connection Therewith – Dana Hills High School

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HISTORY

This is a subsequent action item. Dana Hills High School opened in 1973 and is on the State's AB 300 Seismic Safety list.

BACKGROUND INFORMATION

The District previously held a facilities workshop on October 6, 2021, discussing seismic safety and Dana Hills High School master planning, adopted Resolution No. 2122-23 on December 15, 2021, resourcing the investigation of a potential bond measure, received a presentation on the results of the Dana Hills High School SFID bond feasibility survey on April 20, 2022, and adopted Resolution No. 2122-68 on the intention to form SFID No. 2 and conducted a first reading of a potential ballot measure on May 18,2022.

CURRENT CONSIDERATIONS

The Board is asked to consider adopting Resolution No. 2122-75 or Resolution No. 2122-78 placing a bond measure on the ballot in SFID No. 2 for the November 8, 2022, election. Two options are proposed: Resolution No. 2122-75 is for a proposed bond measure amount of $98 million and a tax levy of $20 per $100,000 of assessed value. Resolution No. 2122-78 is for a bond measure amount of $171 million and a tax levy of $34 per $100,000 of assessed value. If adopted, the bond measure will fund replacement and rehabilitation of Dana Hills High School.

FINANCIAL IMPLICATIONS

There are costs associated with the election to be determined by the County of Orange.

DATA

The SFID can generate an estimated $98 million of bonds to improve Dana Hills High School at a tax levy of $20 per $100,000 of assessed value. The SFID can generate an estimated $171 million of bonds to improve Dana Hills High School at a tax levy of $34 per $100,000 of assessed value.

STAFF RECOMMENDATION

District staff recommends the Board of Trustees adopt Resolution No. 2122-75 or Resolution No. 2122-78, Resolution of the Board of Trustees of the Capistrano Unified School District Ordering a School Bond Election on November 8, 2022, within School Facilities Improvement District No. 2 of the Capistrano Unified School District and Authorizing Necessary Actions in Connection Therewith – Dana Hills High School.

APPROVED BY: Clark Hampton, Deputy Superintendent, Business and Support Services

RESOLUTION NO. 2122-75

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON NOVEMBER 8, 2022 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

(SFID No. 2 – Dana Hills High School)

WHEREAS, the Board of Trustees ("Board") of the Capistrano Unified School District ("District") is committed to continuing a strong, high-quality educational program for the students in all of its local public schools and to attracting and retaining quality staff by providing safe and secure schools that are equipped to support changing educational needs, methods and standards; and

WHEREAS, on December 12, 2018, the Board adopted Resolution No. 1819-24 calling for a review of District facilities identified by the State of California ("State") under AB 300 as requiring seismic retrofitting, which list includes Dana Hills High School; and

WHEREAS, on December 16, 2020 the Board approved a revised Board Policy 7100 (*Determining Needs*) and Board Policy 7110 (*Facilities Master Plan*) and criteria to assist the District staff in analyzing school sites and needs throughout the District; and

WHEREAS, on October 6, 2021 the Board held a workshop on facilities goals where information was presented on School Capacity Analysis, AB 300, seismic safety, a seismic bond, high school boundary or city boundary bonds, state matching money, surplus property status, master planning, and Dana Hills High School master planning; and

WHEREAS, on December 15, 2021, the Board adopted Resolution No. 2122-23 of expressing an intention to consider pursuing a bond election within the Dana Hills High School attendance area and resourcing the investigation of a potential bond measure; and

WHEREAS, on April 20, 2022, the Board was presented with the results of a Dana Hills High School bond feasibility survey; and

WHEREAS, Dana Hills High School is almost 50 years old, and the aging school no longer effectively supports Districtwide education goals and standards, including meeting current safety and accessibility standards and providing learning environments to prepare students for college and careers; and

WHEREAS, based on the State's assessment, Dana Hills High School likely will need to be entirely replaced in order to meet current seismic safety requirements that would be required to be implemented as part of a needed whole-campus modernization; and

WHEREAS, the need to complete campus updates is critical, but the costs are beyond the scope of the District's current operating budget and other existing capital resources; and

WHEREAS, the Board is authorized pursuant to Education Code Section 15300 *et seq*. to form a school facilities improvement district ("SFID") around a designated area of land within District boundaries and thereafter to order elections within the District and to designate the specifications thereof, pursuant to Sections 5304 and 5322 of the California Education Code ("Education Code"); and

WHEREAS, on May 18, 2022, the Board approved Resolution No. 2122/67 Declaring Intention to Form School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, SFID No. 2 contains all land within the District that is located within the boundaries of the attendance area of Dana Hills High School as of the date hereof; and

WHEREAS, on May 31, 2022, and June 7, 2022, Resolution No. 2122-67 was duly published in the *Orange County Register*, providing notice to local residents of the District's intention to form School Facilities Improvement District No. 2 of the Capistrano Unified School District ("SFID No. 2"), and notifying the public of a hearing to be held on June 15, 2022 on the question of forming SFID No. 2 for the purpose of funding capital improvements within SFID No. 2; and

WHEREAS, on June 15, 2022, the Board held a duly noticed public hearing regarding formation of SFID No. 2, at which time all interested persons were heard on all matters set forth in Resolution No. 2122-67; and

WHEREAS, on June 15, 2022, after closing the public hearing, the Board adopted Resolution No. 2122-73 Ordering the Formation of School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, passing a bond measure provides a source of local funding to maintain and improve this community's local school facilities; and

WHEREAS, a bond measure will exclusively benefit local schools within SFID No. 2 and no funds can be taken away by the State, and by law, no money may be used for teacher or administrator salaries and other school operating expenses, including pensions; and

WHEREAS, the Board is specifically authorized to order elections for the purpose of submitting to the electors the question of whether bonds of SFID No. 2 of the District shall be issued and sold for the purpose of raising money for the purposes hereinafter specified; and

WHEREAS, pursuant to Section 18 of Article XVI and Section 1 of Article XIIIA of the California Constitution (also known as "Proposition 39"), and Section 15266 of the Education Code, school districts may seek approval of general obligation bonds and levy an *ad valorem* tax to repay those bonds upon a fifty-five percent (55%) vote of those voting on a proposition for that purpose, provided certain accountability measures are included in the proposition; and

WHEREAS, the Board deems it necessary and advisable to submit such a bond proposition to the electors within SFID No. 2 to be approved by fifty-five percent (55%) of the votes cast; and

WHEREAS, such a bond election must be conducted concurrent with a statewide primary election, general election or special election, or at a regularly scheduled local election, as required by Section 15266 of the Education Code, and on November 8, 2022, a statewide general election is scheduled to occur throughout the District; and

WHEREAS, pursuant to Section 15270 of the Education Code, if the measure is approved by the voters in SFID No. 2, bonds may only be issued if the tax rate levied to meet the debt service requirements would not exceed the specified statutory maximum

dollars per year per one hundred thousand dollars ($100,000) of assessed valuation of taxable property within SFID No. 2 when assessed valuation is projected by the District to increase in accordance with Article XIIIA of the California Constitution, and the District's estimate of twenty dollars ($20) per each one hundred thousand dollars ($100,000) of assessed valuation of taxable property is well within the statutory maximum; and

WHEREAS, the estimated tax rates, duration of tax collection, total estimated amount of debt service, and average annual dollar amount of tax collection is described in the Tax Rate Statement contained in **Exhibit C** hereto; and

WHEREAS, Section 9400 *et seq.* of the California Elections Code requires that a tax rate statement be contained in all official materials, including any ballot pamphlet prepared, sponsored or distributed by the District, relating to the election; and

WHEREAS, in the judgment of the Board, it is advisable to request that the Orange County Registrar of Voters ("County Registrar") act as the election official and call an election and submit to the registered voters of the District the full ballot proposition as detailed herein, in coordination with each other as necessary; and

WHEREAS, the Board now desires to authorize the filing of a ballot argument in favor of the proposition to be submitted to the voters at the election.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Trustees of the Capistrano Unified School District as follows:

Section 1. Specifications of Election Order. Pursuant to Sections 5304, 5322, 15100 *et seq.*, 15300 *et seq*., and Section 15266 of the Education Code, an election shall be held within SFID No. 2 on November 8, 2022, for the purpose of submitting to the registered voters of the District located within SFID No. 2 the full ballot measure contained in **Exhibit B** ("Full Ballot Text"), which Full Ballot Text is hereby approved. The County Registrar shall provide for the performance of its duties in accordance with Education Code Section 5303 and in accordance with any and all other laws and regulations applicable to such elections.

Section 2. Abbreviation of Proposition/Ballot Label. Pursuant to Sections 13119 and 13247 of the California Elections Code, and Section 15122 of the Education Code, the Board hereby directs the County Registrar to use the abbreviation of the Full Ballot Text ("Ballot Label") that is attached hereto as **Exhibit A**. The Ballot Label shall function merely as an abbreviation of the Full Ballot Text and does not stand alone as a complete and binding statement of the measure, nor is it possible for the Ballot Label to contain all of the project and financial information a voter might wish to consider in casting a vote. Voters are urged to review the Full Ballot Text and the Tax Rate Statement to obtain a complete understanding of the measure, including all of the financial projections and estimates upon which the measure is based. The District Superintendent, or a designee thereof, is hereby authorized and directed to make any changes to the text of **Exhibit A**, as may be convenient or necessary to comply with the intent of this Resolution, the requirements of elections officials, or requirements of law.

Section 3. Voter Pamphlet/Sample Ballot. The County Registrar is hereby requested to take the following actions with regard to the Voter Information Pamphlet to be distributed to voters pursuant to Section 13307 of the Elections Code:

(a) To print the Full Ballot Text (**Exhibit B** hereto) in the Voter Information Pamphlet in its entirety. In the event the Full Ballot Text is not reprinted in

the voter information pamphlet in its entirety, the County Registrar is hereby requested to print, immediately below the impartial analysis of the bond proposition, in no less than 10-point boldface type, a legend substantially as follows:

> *"The above statement is an impartial analysis of Measure ___. If you desire a copy of the measure, please call the San Diego County Registrar of Voters at _____ and a copy will be mailed at no cost to you."*

(b) In accordance with Education Code Section 15122.5, to print in the Voter Information Pamphlet the following statement:

> *"Approval of Measure ____ does not guarantee that the proposed project or projects in the Capistrano Unified School District that are the subject of bonds under Measure ___ will be funded beyond the local revenues generated by Measure ___. 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."*

Section 4. Accountability Measures. Pursuant to legal requirements, and as specified in the Full Ballot Text, the Board certifies that the District:

(a) Has evaluated the facilities needs of the District and SFID No. 2, and, through Facilities Condition Assessments, development of a Dana Hills High School Master Plan and community input, has evaluated safety, class size reduction and information technology needs in developing the bond project list (the "Bond Project List") contained in the Full Ballot Text;

(b) Will establish an independent Citizens' Bond Oversight Committee to ensure that bond proceeds are expended only for the school facilities projects described in the Bond Project List, in accordance with Education Code Section 15278 *et seq*.;

(c) Will conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects described in the Bond Project List;

(d) Will conduct or cause to be conducted an annual independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects described in the Bond Project List; and

(e) Pursuant to Government Code Section 53410 et seq., shall take all actions to establish an account in which proceeds of the sale of the bonds will be deposited, and to cause a report to be filed with the Board no later than each April 30, identifying proceeds received and expended in the past year and the status of any project funded or to be funded with bond proceeds. The first report shall be due no later than April 30 of the first year after which bonds have been issued and proceeds spent. The report may relate to the fiscal year or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

Section 6. Required Vote. Pursuant to Section 18 of Article XVI and Section 1 of Article XIII A of the State Constitution, the above proposition shall become effective upon the affirmative vote of at least fifty-five percent (55%) of those voters voting on the measure.

Section 7. Request to County Officers to Conduct Election; Cost of Election. The County Registrar is hereby requested, pursuant to Section 5322 of the California Education Code, to take all steps to call and hold the election in accordance with law and these specifications. The District will reimburse the Registrar and the County for costs associated with the election as required by law.

Section 8. Consolidation of Election and Canvass of Vote.

(a) Pursuant to Section 15266(a) of the Education Code, the election shall be consolidated with the election on November 8, 2022.

(b) The Board of Supervisors of Orange County is authorized and requested to canvass the returns of the election, as necessary, pursuant to Section 10411 of the California Elections Code.

Section 9. Delivery of Order of Election to County Officers. The Clerk of the Board is hereby directed to deliver or cause to be delivered, no later than **August 12, 2022** (which date is 88 days prior to the election date), one copy of this Resolution to the County Registrar with the completed Tax Rate Statement (in substantially the form attached hereto as **Exhibit C**), completed and signed by the Superintendent or his/her designee, and shall file a copy of this Resolution with the Clerk of the Board of Supervisors of Orange County.

Section 10. Ballot Arguments. Members of the Board are hereby authorized to prepare or participate in and file with the County Registrar a ballot argument in favor of the proposition contained in Section 1 hereof within the time established by the County Registrar.

Section 11. Intention to Reimburse. The District may incur costs associated with bond-funded projects described in **Exhibit B** hereto prior to the issuance of bonds. For purposes of establishing compliance with the requirements of Section 1.150-2 of the regulations of the U.S. Treasury Department, the Board hereby declares its official intent to use proceeds of the bond to reimburse itself for lawful expenditures on capital projects within SFID No. 2 as described on the Bond Project List, up to a maximum principal amount of $32,000,000.

Section 12. Further Authorization. The members of this Board, the District Superintendent, and the Deputy Superintendent of Business and Support Services (each, a "District Representative") are hereby authorized and directed, individually and collectively, to do any and all things that they deem necessary or advisable in order to effectuate the purposes of this Resolution, including selection of a final Ballot Label, and modification of the Full Ballot Text, the Ballot Label, and Tax Rate Statement if he or she determines such modifications are necessary and in the District's best interests. This Resolution and all of its Exhibits that are filed with the County Registrar by a District Representative shall constitute the final, binding ballot measure of the District, and the measure, as submitted is hereby deemed ratified and approved.

Section 13. Effective Date. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 15th day of June, 2022, by the following vote of the Board of Trustees of the Capistrano Unified School District:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CAPISTRANO UNIFIED SCHOOL DISTRICT

By: _____
Martha McNicholas
President of the Board of Trustees

ATTEST:

By: _____
Kirsten Vital Brulte
Clerk of the Board of Trustees

EXHIBIT A

BALLOT LABEL

To construct/ acquire modern classrooms, labs, career technical facilities, and equipment at Dana Hills High School that support college/ career readiness in science, technology, arts, math and skilled trades and meet earthquake safety standards; and qualify to obtain $52,000,00 in State funds, shall Capistrano Unified School District's (SFID #2) measure be adopted authorizing $98,000,000 in bonds at legal rates, levying 2 cents/$100 assessed value ($6,000,000 annually) while bonds are outstanding, with citizen oversight and all money locally-controlled?

Bonds – Yes _____ Bonds – No _____

EXHIBIT B

FULL BALLOT TEXT

CAPISTRANO UNIFIED SCHOOL DISTRICT (SFID #2)
DANA HILLS HIGH SCHOOL SEISMIC SAFETY MEASURE

By approval of this measure by at least fifty-five percent (55%) of the registered voters voting thereon, Capistrano Unified School District shall be authorized to issue and sell bonds of School Facilities Improvement District No. 2 ("SFID No. 2") of the Capistrano Unified School District in an aggregate principal amount of up to $98 million to provide financing for the specific school facilities projects located within SFID No. 2 and listed below in the Section III: Bond Project List, subject to all of the accountability safeguards specified herein.

SECTION I: KEY FINDINGS

- The Capistrano Unified School District is committed to continuing a strong, high-quality educational program for the students in all of its local public schools and to attracting and retaining quality staff by providing safe and secure schools that are equipped to support changing educational needs, methods and standards; and

- The Capistrano Unified School District Board of Trustees has determined that Dana Hills High School is almost 50 years old, having opened in 1973, and the aging school no longer effectively supports Districtwide education goals and standards, including meeting current safety and accessibility standards and providing learning environments to prepare students for college and careers; and

- Based on an assessment by the State of California, a needed whole-site modernization of Dana Hills High School likely will require the school to be entirely replaced to ensure that it meets current seismic safety requirements; and

- Bond revenue is the primary means by which the District is able to keep its school buildings and classrooms in good repair, safe, designed and equipped to support changing educational standards, methods and approaches, and enables the District to seek and obtain state matching funds; and

- Bond proceed must be spent on facilities within SFID No. 2 and will benefit Dana Hills High School. No funds can be taken away by the State or other school districts, and by law, no money may be used for teacher or administrator salaries and other school operating expenses, including pensions; and

- This bond measure requires strict fiscal accountability protections including mandatory annual audits and an independent citizens' bond oversight committee that includes local residents to ensure funds are managed and spent properly.

SECTION II: ACCOUNTABILITY MEASURES

The provisions in this section are included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Section 15264 *et seq.* of the California Education Code).

Evaluation of Needs. The Board of Trustees has evaluated the facilities needs of the District and SFID No. 2, and has identified projects to finance from a local bond measure at this time. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Independent Citizens' Bond Oversight Committee. The Board of Trustees shall establish an independent Citizens' Bond Oversight Committee in accordance with Education Code sections 15278-15282 and applicable Board policy, to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within sixty (60) days of the date when the Board of Trustees enters the results of the election in its official minutes. The Committee shall include residents of SFID No. 2.

Annual Performance Audit. The Board of Trustees shall conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects described in the Bond Project List.

Annual Financial Audit. The Board of Trustees shall conduct or cause to be conducted an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects described in the Bond Project List.

Annual Report to Board. Upon approval of this measure and the sale of any bonds approved, the Board of Trustees shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent shall cause a report to be filed with the Board of Trustees no later than April 30 of each year, commencing on the first April 30 after bonds have been issued and proceeds spent, stating (1) the amount of bond proceeds received and expended in the past year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the fiscal year or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

SECTION III: BOND PROJECT LIST

This Bond Project List, which is an integral part of this measure, describes the projects the District proposes to finance with proceeds of the bonds. All information contained within this "Section III: Bond Project List" (hereinafter "Bond Project List") comprises the list and description of permissible projects and expenses that may be paid from bond proceeds, and where and how such projects may be or are intended to be completed.

Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in the Bond Project List, including the furnishing and equipping of said school facilities, or the acquisition or lease of real property for said school facilities, and not for any other purpose, including teacher or administrator salaries and other school operating expenses, including pensions.

In order to meet all identified facility needs, the District may complete projects using a combination of funding sources, including development impact fees, mitigation fees, redevelopment revenue, joint use funding, and state funding when and if available. Funds from additional sources will be required to complete all of the projects on the Bond Project List. The District is eligible to receive $52 million in state matching funds and will pursue

state matching funds if and when they become available. When received, they will be used for projects on the Bond Project List.

While the District has budgeted to complete specific projects, due to potential cost escalation, unforeseen conditions, and other factors, placement of a project, or component thereof, on the Bond Project List is not a guarantee that every project or project component listed will be completed. Approval of this measure does not guarantee that all projects on this Bond Project List will be funded beyond the local revenues generated by this measure. The District's proposal for the projects assumes the receipt of some state matching funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

Bond proceeds will be spent only at Dana Hills High School. Specific projects that may be funded with bond proceeds include the rebuilding, reconstruction and replacement of Dana Hills High School, and furnishing and equipping thereof, which includes, without limitation, the following:

- Demolish existing deteriorating, 2-story main classroom building (including administration, classrooms, science labs, library/media center, auditorium, food services, gymnasium, and other specialty educational spaces);

- Demolish aquatic center;

- Demolish and remove aging modular classroom buildings;

- Construct, reconstruct and/or replace and expand demolished classroom buildings with new, modern and upgraded buildings, and learning and support spaces, and facilities, including:

    - Modern classrooms with access to indoor and outdoor collaboration areas;
    - New science, technology, engineering and math (STEM) space and laboratories;
    - New visual and performing arts spaces, studios and labs for student instruction in music, dance, theater, visual and performing arts;
    - New classrooms to support specialized career training programs;
    - Physical education and athletic program spaces, gyms, fitness rooms, locker facilities, aquatic facilities and upgraded outdoor athletic fields and facilities;
    - Library, media, and student center, including food service and student dining facility, student wellness and counseling center;
    - New administration spaces and offices that encourage staff collaboration and teaming;
    - Improved Americans with Disabilities Act (ADA) access throughout the campus.

- Improve student safety and traffic circulation by upgrading or providing additional school drop-off areas, safe paths of travel and parking lots;

- Install up-to-date heating, ventilation and air conditioning (HVAC) systems to improve air quality;

- Purchase and/or install and maintain energy efficient equipment and energy conservation facilities, which may include solar energy generation systems, microgrids, power distribution and energy storage systems, high-performance

windows, LED lighting and rooftop mechanical screens to improve energy efficiency and implement sustainability and best/green energy practices;

- Replace / refresh outdoor grounds with drought-tolerant landscaping;

- Install or replace safety and security systems, which may include, without limitation, installation of door locks, controlled access systems, fencing, gates, signage, and security cameras.

- Improve network infrastructure in order to enhance network-based content and curriculum delivery and network security, which may include:

    - Upgrade and improve the routing and network aggregation capabilities.
    - Upgrade and improve the network access layer switching capabilities in order to support the larger numbers of devices on our school networks as well as supporting the higher speed requirements.
    - Upgrade and improve classroom wiring for both wired and wireless data communication.
    - Upgrade infrastructure for improved network security.

- Perform various site work including grading, landscaping, hardscaping, asphalt and drainage improvements and other related site improvements

Listed projects, repairs, improvements, and upgrades will be completed as needed and feasible. Projects may be done in phases over time, based on Board of Trustees' priorities and available funding. Demolition of facilities noted in the Bond Project List will occur only after or as adequate replacement buildings and facilities have been constructed, to minimize disruption of the campus. Decisions regarding the scope, timing, prioritization or other facets of project implementation will be made solely by the Board of Trustees by subsequent action. Where terms such as "improve," "upgrade," "reconstruct" and "construct" are used in the Bond Project List, the Board of Trustees has the discretion to determine the best method for accomplishing the project's objective. For any listed project involving renovation or modernization of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the District determines that replacement and new construction is more practical than renovation, considering the building's age, condition, expected remaining life, comparative cost and other relevant factors. In addition, where feasible, projects may be completed in partnership with other public or private agencies on a joint use basis using bond proceeds, subject to federal tax rules and regulations.

Each project is assumed to include its share of costs of bond issuance, architectural, engineering, legal and similar planning costs; construction management, bond project staff and consultants, staff development and training expenses associated with learning construction techniques and approaches and new bond-funded equipment and systems; the furnishing and equipping of all projects, including equipment to maintain facilities in a safe and clean condition, and a customary contingency for unforeseen design and construction costs. Payment of the costs of preparation of facilities planning and project implementation studies; hazardous materials abatement;, feasibility and assessment reviews; master planning; environmental studies; permit and inspection fees; Division of State Architect (DSA) - related requirements, studies and assessments, including ADA and seismic; and temporary or interim housing and relocation costs for dislocated programs; or activities caused or necessitated by projects on the Bond Project List are permissible bond expenditures.

The final cost of each project will be determined as plans are finalized and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Necessary site preparation, grading or restoration may occur in connection with acquisition of property, new construction, modernization, renovation or remodeling, or installation or removal of modular classrooms, including ingress and egress, removing, replacing or installing irrigation, utility lines, trees and landscaping, relocating fire access roads and acquiring any necessary easements, leases, licenses or rights of way to the property.

SECTION IV: ADDITIONAL SPECIFICATIONS

No Teacher or Administrator Salaries. Proceeds from the sale of Bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation or replacement of school facilities on the Bond Project List, including the furnishing and equipping of said school facilities, or the acquisition or lease of real property for said school facilities, and not for any other purpose, including teacher or administrator salaries and other school operating expenses, including pensions.

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

Other Terms of the Bonds. The bonds may be issued and sold in several series, and in accordance with a financing plan determined by the Board of Trustees pursuant to requirements of law. When sold, the bonds shall bear interest at an annual rate and with a term not exceeding the statutory maximum. Furthermore, the weighted average maturity of each issue of bonds will not exceed 120 percent (120%) of the average reasonably expected economic life of the projects financed by the bonds, consistent with federal tax law. Bond funds may be used to reimburse the District for Bond Project List expenditures incurred prior to the election and bond issuance, in accordance with federal tax law.

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, nor are the summary estimates, if any, provided in the Ballot Label. The actual tax rates, debt service and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the 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.

In preparing this information, the District obtained reasonable and informed projections of assessed property valuations that took into consideration projections of assessed property valuations made by the County Assessor, if any, in accordance with Education Code Section 15100(c).

EXHIBIT C

TAX RATE STATEMENT

An election will be held within the boundaries of School Facilities Improvement District No. 2 ("SFID No. 2") of the Capistrano Unified School District ("District") on November 8, 2022 to authorize the sale of up to $98,000,000 in bonds to finance facilities as described in the measure. If the bonds are approved, the District expects to sell the bonds in multiple series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property located within SFID No. 2. The following information is provided in compliance with Sections 9400 to 9404, inclusive, of the California Elections Code.

1. The best estimate from official sources 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 the election or a projection based on experience within the same jurisdiction or other demonstrable factors, is estimated to be $0.02 per $100 ($20 per $100,000). The final fiscal year in which the tax is anticipated to be collected is 2051-52.

2. The best estimate from official sources of the highest tax rate that would be required to be levied to fund this bond issue, based on assessed valuations available at the time of filing this statement or a projection based on experience within the same jurisdiction or other demonstrable factors, is estimated to be $0.02 per $100 ($20 per $100,000) of assessed valuation, which is projected to be the same in every fiscal year that the bonds remain outstanding.

3. The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold will be approximately $187 million, considering the assumptions set forth in paragraphs (1) and (2) above. This estimate results in a debt service ratio of 1.9 to 1, which is less than the maximum ratio of 4.0 to 1 allowed by Education Code Section 15144.1.

If the bonds are approved, the duration of the tax levy shall continue until final payment of all bonds issued pursuant to the authorization. The tax shall be levied in an amount each year sufficient to pay the principal of and interest on all outstanding bonds issued pursuant to the authorization. Voters should note that the estimated tax rate is based on the ASSESSED VALUE of taxable property on the Orange County 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 while the foregoing information includes conservative projections and estimates of assessed value, market interest rates, and the timing and amount of bonds issued in the future, the District will only issue bonds if the tax rate is at or below the maximum set forth above. The County Assessor is responsible for determining assessed value, the County Auditor-Controller is responsible for setting tax rates, and the County Treasurer-Tax Collector is responsible for the collection of taxes. The actual tax rates may vary over time based on changes in assessed value, and actual debt service may vary based on market interest rates and the timing of when the bonds are issued. 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 bond market conditions at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within SFID No. 3 as determined by the County Assessor in the annual assessment and the equalization process. The District is responsible for the timing and amount of bonds to be issued, which the District will only undertake if tax rates meet the parameters set forth in the above tax rate statement.

_____

Clark Hampton, Deputy Superintendent
June 15, 2022

RESOLUTION NO. 2122-78

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON NOVEMBER 8, 2022 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

(SFID No. 2 – Dana Hills High School)

WHEREAS, the Board of Trustees ("Board") of the Capistrano Unified School District ("District") is committed to continuing a strong, high-quality educational program for the students in all of its local public schools and to attracting and retaining quality staff by providing safe and secure schools that are equipped to support changing educational needs, methods and standards; and

WHEREAS, on December 12, 2018, the Board adopted Resolution No. 1819-24 calling for a review of District facilities identified by the State of California ("State") under AB 300 as requiring seismic retrofitting, which list includes Dana Hills High School; and

WHEREAS, on December 16, 2020 the Board approved a revised Board Policy 7100 (*Determining Needs*) and Board Policy 7110 (*Facilities Master Plan*) and criteria to assist the District staff in analyzing school sites and needs throughout the District; and

WHEREAS, on October 6, 2021 the Board held a workshop on facilities goals where information was presented on School Capacity Analysis, AB 300, seismic safety, a seismic bond, high school boundary or city boundary bonds, state matching money, surplus property status, master planning, and Dana Hills High School master planning; and

WHEREAS, on December 15, 2021, the Board adopted Resolution No. 2122-23 of expressing an intention to consider pursuing a bond election within the Dana Hills High School attendance area and resourcing the investigation of a potential bond measure; and

WHEREAS, on April 20, 2022, the Board was presented with the results of a Dana Hills High School bond feasibility survey; and

WHEREAS, Dana Hills High School is almost 50 years old, and the aging school no longer effectively supports Districtwide education goals and standards, including meeting current safety and accessibility standards and providing learning environments to prepare students for college and careers; and

WHEREAS, based on the State's assessment, Dana Hills High School likely will need to be entirely replaced in order to meet current seismic safety requirements that would be required to be implemented as part of a needed whole-campus modernization; and

WHEREAS, the need to complete campus updates is critical, but the costs are beyond the scope of the District's current operating budget and other existing capital resources; and

WHEREAS, the Board is authorized pursuant to Education Code Section 15300 *et seq*. to form a school facilities improvement district ("SFID") around a designated area of land within District boundaries and thereafter to order elections within the District and to designate the specifications thereof, pursuant to Sections 5304 and 5322 of the California Education Code ("Education Code"); and

WHEREAS, on May 18, 2022, the Board approved Resolution No. 2122-67 Declaring Intention to Form School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, SFID No. 2 contains all land within the District that is located within the boundaries of the attendance area of Dana Hills High School as of the date hereof; and

WHEREAS, on May 31, 2022, and June 7, 2022, Resolution No. 2122-67 was duly published in the *Orange County Register*, providing notice to local residents of the District's intention to form School Facilities Improvement District No. 2 of the Capistrano Unified School District ("SFID No. 2"), and notifying the public of a hearing to be held on June 15, 2022 on the question of forming SFID No. 2 for the purpose of funding capital improvements within SFID No. 2; and

WHEREAS, on June 15, 2022, the Board held a duly noticed public hearing regarding formation of SFID No. 2, at which time all interested persons were heard on all matters set forth in Resolution No. 2122-67; and

WHEREAS, on June 15, 2022, after closing the public hearing, the Board adopted Resolution No. 2122-73 Ordering the Formation of School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, passing a bond measure provides a source of local funding to maintain and improve this community's local school facilities; and

WHEREAS, a bond measure will exclusively benefit local schools within SFID No. 2 and no funds can be taken away by the State, and by law, no money may be used for teacher or administrator salaries and other school operating expenses, including pensions; and

WHEREAS, the Board is specifically authorized to order elections for the purpose of submitting to the electors the question of whether bonds of SFID No. 2 of the District shall be issued and sold for the purpose of raising money for the purposes hereinafter specified; and

WHEREAS, pursuant to Section 18 of Article XVI and Section 1 of Article XIIIA of the California Constitution (also known as "Proposition 39"), and Section 15266 of the Education Code, school districts may seek approval of general obligation bonds and levy an *ad valorem* tax to repay those bonds upon a fifty-five percent (55%) vote of those voting on a proposition for that purpose, provided certain accountability measures are included in the proposition; and

WHEREAS, the Board deems it necessary and advisable to submit such a bond proposition to the electors within SFID No. 2 to be approved by fifty-five percent (55%) of the votes cast; and

WHEREAS, such a bond election must be conducted concurrent with a statewide primary election, general election or special election, or at a regularly scheduled local election, as required by Section 15266 of the Education Code, and on November 8, 2022, a statewide general election is scheduled to occur throughout the District; and

WHEREAS, pursuant to Section 15270 of the Education Code, if the measure is approved by the voters in SFID No. 2, bonds may only be issued if the tax rate levied to meet the debt service requirements would not exceed the specified statutory maximum

dollars per year per one hundred thousand dollars ($100,000) of assessed valuation of taxable property within SFID No. 2 when assessed valuation is projected by the District to increase in accordance with Article XIIIA of the California Constitution, and the District's estimate of thirty-four dollars ($34) per each one hundred thousand dollars ($100,000) of assessed valuation of taxable property is well within the statutory maximum; and

WHEREAS, the estimated tax rates, duration of tax collection, total estimated amount of debt service, and average annual dollar amount of tax collection is described in the Tax Rate Statement contained in **Exhibit C** hereto; and

WHEREAS, Section 9400 *et seq.* of the California Elections Code requires that a tax rate statement be contained in all official materials, including any ballot pamphlet prepared, sponsored or distributed by the District, relating to the election; and

WHEREAS, in the judgment of the Board, it is advisable to request that the Orange County Registrar of Voters ("County Registrar") act as the election official and call an election and submit to the registered voters of the District the full ballot proposition as detailed herein, in coordination with each other as necessary; and

WHEREAS, the Board now desires to authorize the filing of a ballot argument in favor of the proposition to be submitted to the voters at the election.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Trustees of the Capistrano Unified School District as follows:

Section 1. Specifications of Election Order. Pursuant to Sections 5304, 5322, 15100 *et seq.*, 15300 *et seq*., and Section 15266 of the Education Code, an election shall be held within SFID No. 2 on November 8, 2022, for the purpose of submitting to the registered voters of the District located within SFID No. 2 the full ballot measure contained in **Exhibit B** ("Full Ballot Text"), which Full Ballot Text is hereby approved. The County Registrar shall provide for the performance of its duties in accordance with Education Code Section 5303 and in accordance with any and all other laws and regulations applicable to such elections.

Section 2. Abbreviation of Proposition/Ballot Label. Pursuant to Sections 13119 and 13247 of the California Elections Code, and Section 15122 of the Education Code, the Board hereby directs the County Registrar to use the abbreviation of the Full Ballot Text ("Ballot Label") that is attached hereto as **Exhibit A**. The Ballot Label shall function merely as an abbreviation of the Full Ballot Text and does not stand alone as a complete and binding statement of the measure, nor is it possible for the Ballot Label to contain all of the project and financial information a voter might wish to consider in casting a vote. Voters are urged to review the Full Ballot Text and the Tax Rate Statement to obtain a complete understanding of the measure, including all of the financial projections and estimates upon which the measure is based. The District Superintendent, or a designee thereof, is hereby authorized and directed to make any changes to the text of **Exhibit A**, as may be convenient or necessary to comply with the intent of this Resolution, the requirements of elections officials, or requirements of law.

Section 3. Voter Pamphlet/Sample Ballot. The County Registrar is hereby requested to take the following actions with regard to the Voter Information Pamphlet to be distributed to voters pursuant to Section 13307 of the Elections Code:

(a) To print the Full Ballot Text (**Exhibit B** hereto) in the Voter Information Pamphlet in its entirety. In the event the Full Ballot Text is not reprinted in

the voter information pamphlet in its entirety, the County Registrar is hereby requested to print, immediately below the impartial analysis of the bond proposition, in no less than 10-point boldface type, a legend substantially as follows:

> *"The above statement is an impartial analysis of Measure ___. If you desire a copy of the measure, please call the San Diego County Registrar of Voters at _____ and a copy will be mailed at no cost to you."*

(b) In accordance with Education Code Section 15122.5, to print in the Voter Information Pamphlet the following statement:

> *"Approval of Measure ____ does not guarantee that the proposed project or projects in the Capistrano Unified School District that are the subject of bonds under Measure ___ will be funded beyond the local revenues generated by Measure ___. 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."*

Section 4. Accountability Measures. Pursuant to legal requirements, and as specified in the Full Ballot Text, the Board certifies that the District:

(a) Has evaluated the facilities needs of the District and SFID No. 2, and, through Facilities Condition Assessments, development of a Dana Hills High School Master Plan and community input, has evaluated safety, class size reduction and information technology needs in developing the bond project list (the "Bond Project List") contained in the Full Ballot Text;

(b) Will establish an independent Citizens' Bond Oversight Committee to ensure that bond proceeds are expended only for the school facilities projects described in the Bond Project List, in accordance with Education Code Section 15278 *et seq*.;

(c) Will conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects described in the Bond Project List;

(d) Will conduct or cause to be conducted an annual independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects described in the Bond Project List; and

(e) Pursuant to Government Code Section 53410 et seq., shall take all actions to establish an account in which proceeds of the sale of the bonds will be deposited, and to cause a report to be filed with the Board no later than each April 30, identifying proceeds received and expended in the past year and the status of any project funded or to be funded with bond proceeds. The first report shall be due no later than April 30 of the first year after which bonds have been issued and proceeds spent. The report may relate to the fiscal year or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

Section 6. Required Vote. Pursuant to Section 18 of Article XVI and Section 1 of Article XIII A of the State Constitution, the above proposition shall become effective upon the affirmative vote of at least fifty-five percent (55%) of those voters voting on the measure.

Section 7. Request to County Officers to Conduct Election; Cost of Election. The County Registrar is hereby requested, pursuant to Section 5322 of the California Education Code, to take all steps to call and hold the election in accordance with law and these specifications. The District will reimburse the Registrar and the County for costs associated with the election as required by law.

Section 8. Consolidation of Election and Canvass of Vote.

(a) Pursuant to Section 15266(a) of the Education Code, the election shall be consolidated with the election on November 8, 2022.

(b) The Board of Supervisors of Orange County is authorized and requested to canvass the returns of the election, as necessary, pursuant to Section 10411 of the California Elections Code.

Section 9. Delivery of Order of Election to County Officers. The Clerk of the Board is hereby directed to deliver or cause to be delivered, no later than **August 12, 2022** (which date is 88 days prior to the election date), one copy of this Resolution to the County Registrar with the completed Tax Rate Statement (in substantially the form attached hereto as **Exhibit C**), completed and signed by the Superintendent or his/her designee, and shall file a copy of this Resolution with the Clerk of the Board of Supervisors of Orange County.

Section 10. Ballot Arguments. Members of the Board are hereby authorized to prepare or participate in and file with the County Registrar a ballot argument in favor of the proposition contained in Section 1 hereof within the time established by the County Registrar.

Section 11. Intention to Reimburse. The District may incur costs associated with bond-funded projects described in **Exhibit B** hereto prior to the issuance of bonds. For purposes of establishing compliance with the requirements of Section 1.150-2 of the regulations of the U.S. Treasury Department, the Board hereby declares its official intent to use proceeds of the bond to reimburse itself for lawful expenditures on capital projects within SFID No. 2 as described on the Bond Project List, up to a maximum principal amount of $32,000,000.

Section 12. Further Authorization. The members of this Board, the District Superintendent, and the Deputy Superintendent of Business and Support Services (each, a "District Representative") are hereby authorized and directed, individually and collectively, to do any and all things that they deem necessary or advisable in order to effectuate the purposes of this Resolution, including selection of a final Ballot Label, and modification of the Full Ballot Text, the Ballot Label, and Tax Rate Statement if he or she determines such modifications are necessary and in the District's best interests. This Resolution and all of its Exhibits that are filed with the County Registrar by a District Representative shall constitute the final, binding ballot measure of the District, and the measure, as submitted is hereby deemed ratified and approved.

Section 13. Effective Date. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 15th day of June, 2022, by the following vote of the Board of Trustees of the Capistrano Unified School District:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CAPISTRANO UNIFIED SCHOOL DISTRICT

By: _____
Martha McNicholas
President of the Board of Trustees

ATTEST:

By: _____
Kirsten Vital Brulte
Clerk of the Board of Trustees

EXHIBIT A

BALLOT LABEL

To construct/ acquire modern classrooms, labs, career technical facilities, and equipment at Dana Hills High School that support college/ career readiness in science, technology, arts, math and skilled trades and meet earthquake safety standards; and qualify to obtain $52,000,00 in State funds, shall Capistrano Unified School District's (SFID #2) measure be adopted authorizing $171,000,000 in bonds at legal rates, levying approximately 3¢/ $100 assessed value ($11,000,000 annually) while bonds are outstanding, with citizen oversight and all money locally-controlled?

Bonds – Yes _____ Bonds – No _____

EXHIBIT B

FULL BALLOT TEXT

CAPISTRANO UNIFIED SCHOOL DISTRICT (SFID #2)
DANA HILLS HIGH SCHOOL SEISMIC SAFETY MEASURE

By approval of this measure by at least fifty-five percent (55%) of the registered voters voting thereon, Capistrano Unified School District shall be authorized to issue and sell bonds of School Facilities Improvement District No. 2 ("SFID No. 2") of the Capistrano Unified School District in an aggregate principal amount of up to $171 million to provide financing for the specific school facilities projects located within SFID No. 2 and listed below in the Section III: Bond Project List, subject to all of the accountability safeguards specified herein.

SECTION I: KEY FINDINGS

- The Capistrano Unified School District is committed to continuing a strong, high-quality educational program for the students in all of its local public schools and to attracting and retaining quality staff by providing safe and secure schools that are equipped to support changing educational needs, methods and standards; and

- The Capistrano Unified School District Board of Trustees has determined that Dana Hills High School is almost 50 years old, having opened in 1973, and the aging school no longer effectively supports Districtwide education goals and standards, including meeting current safety and accessibility standards and providing learning environments to prepare students for college and careers; and

- Based on an assessment by the State of California, a needed whole-site modernization of Dana Hills High School likely will require the school to be entirely replaced to ensure that it meets current seismic safety requirements; and

- Bond revenue is the primary means by which the District is able to keep its school buildings and classrooms in good repair, safe, designed and equipped to support changing educational standards, methods and approaches, and enables the District to seek and obtain state matching funds; and

- Bond proceed must be spent on facilities within SFID No. 2 and will benefit Dana Hills High School. No funds can be taken away by the State or other school districts, and by law, no money may be used for teacher or administrator salaries and other school operating expenses, including pensions; and

- This bond measure requires strict fiscal accountability protections including mandatory annual audits and an independent citizens' bond oversight committee that includes local residents to ensure funds are managed and spent properly.

SECTION II: ACCOUNTABILITY MEASURES

The provisions in this section are included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Section 15264 *et seq.* of the California Education Code).

Evaluation of Needs. The Board of Trustees has evaluated the facilities needs of the District and SFID No. 2, and has identified projects to finance from a local bond measure at this time. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Independent Citizens' Bond Oversight Committee. The Board of Trustees shall establish an independent Citizens' Bond Oversight Committee in accordance with Education Code sections 15278-15282 and applicable Board policy, to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within sixty (60) days of the date when the Board of Trustees enters the results of the election in its official minutes. The Committee shall include residents of SFID No. 2.

Annual Performance Audit. The Board of Trustees shall conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects described in the Bond Project List.

Annual Financial Audit. The Board of Trustees shall conduct or cause to be conducted an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects described in the Bond Project List.

Annual Report to Board. Upon approval of this measure and the sale of any bonds approved, the Board of Trustees shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent shall cause a report to be filed with the Board of Trustees no later than April 30 of each year, commencing on the first April 30 after bonds have been issued and proceeds spent, stating (1) the amount of bond proceeds received and expended in the past year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the fiscal year or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

SECTION III: BOND PROJECT LIST

This Bond Project List, which is an integral part of this measure, describes the projects the District proposes to finance with proceeds of the bonds. All information contained within this "Section III: Bond Project List" (hereinafter "Bond Project List") comprises the list and description of permissible projects and expenses that may be paid from bond proceeds, and where and how such projects may be or are intended to be completed.

Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in the Bond Project List, including the furnishing and equipping of said school facilities, or the acquisition or lease of real property for said school facilities, and not for any other purpose, including teacher or administrator salaries and other school operating expenses, including pensions.

In order to meet all identified facility needs, the District may complete projects using a combination of funding sources, including development impact fees, mitigation fees, redevelopment revenue, joint use funding, and state funding when and if available. Funds from additional sources will be required to complete all of the projects on the Bond Project List. The District is eligible to receive $52 million in state matching funds and will pursue

state matching funds if and when they become available. When received, they will be used for projects on the Bond Project List.

While the District has budgeted to complete specific projects, due to potential cost escalation, unforeseen conditions, and other factors, placement of a project, or component thereof, on the Bond Project List is not a guarantee that every project or project component listed will be completed. Approval of this measure does not guarantee that all projects on this Bond Project List will be funded beyond the local revenues generated by this measure. The District's proposal for the projects assumes the receipt of some state matching funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

Bond proceeds will be spent only at Dana Hills High School. Specific projects that may be funded with bond proceeds include the rebuilding, reconstruction and replacement of Dana Hills High School, and furnishing and equipping thereof, which includes, without limitation, the following:

- Demolish existing deteriorating, 2-story main classroom building (including administration, classrooms, science labs, library/media center, auditorium, food services, gymnasium, and other specialty educational spaces);

- Demolish aquatic center;

- Demolish and remove aging modular classroom buildings;

- Construct, reconstruct and/or replace and expand demolished classroom buildings with new, modern and upgraded buildings, and learning and support spaces, and facilities, including:

    - Modern classrooms with access to indoor and outdoor collaboration areas;
    - New science, technology, engineering and math (STEM) space and laboratories;
    - New visual and performing arts spaces, studios and labs for student instruction in music, dance, theater, visual and performing arts;
    - New classrooms to support specialized career training programs;
    - Physical education and athletic program spaces, gyms, fitness rooms, locker facilities, aquatic facilities and upgraded outdoor athletic fields and facilities;
    - Library, media, and student center, including food service and student dining facility, student wellness and counseling center;
    - New administration spaces and offices that encourage staff collaboration and teaming;
    - Improved Americans with Disabilities Act (ADA) access throughout the campus.

- Improve student safety and traffic circulation by upgrading or providing additional school drop-off areas, safe paths of travel and parking lots;

- Install up-to-date heating, ventilation and air conditioning (HVAC) systems to improve air quality;

- Purchase and/or install and maintain energy efficient equipment and energy conservation facilities, which may include solar energy generation systems, microgrids, power distribution and energy storage systems, high-performance

windows, LED lighting and rooftop mechanical screens to improve energy efficiency and implement sustainability and best/green energy practices;

- Replace / refresh outdoor grounds with drought-tolerant landscaping;

- Install or replace safety and security systems, which may include, without limitation, installation of door locks, controlled access systems, fencing, gates, signage, and security cameras.

- Improve network infrastructure in order to enhance network-based content and curriculum delivery and network security, which may include:

    - Upgrade and improve the routing and network aggregation capabilities.
    - Upgrade and improve the network access layer switching capabilities in order to support the larger numbers of devices on our school networks as well as supporting the higher speed requirements.
    - Upgrade and improve classroom wiring for both wired and wireless data communication.
    - Upgrade infrastructure for improved network security.

- Perform various site work including grading, landscaping, hardscaping, asphalt and drainage improvements and other related site improvements

Listed projects, repairs, improvements, and upgrades will be completed as needed and feasible. Projects may be done in phases over time, based on Board of Trustees' priorities and available funding. Demolition of facilities noted in the Bond Project List will occur only after or as adequate replacement buildings and facilities have been constructed, to minimize disruption of the campus. Decisions regarding the scope, timing, prioritization or other facets of project implementation will be made solely by the Board of Trustees by subsequent action. Where terms such as "improve," "upgrade," "reconstruct" and "construct" are used in the Bond Project List, the Board of Trustees has the discretion to determine the best method for accomplishing the project's objective. For any listed project involving renovation or modernization of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the District determines that replacement and new construction is more practical than renovation, considering the building's age, condition, expected remaining life, comparative cost and other relevant factors. In addition, where feasible, projects may be completed in partnership with other public or private agencies on a joint use basis using bond proceeds, subject to federal tax rules and regulations.

Each project is assumed to include its share of costs of bond issuance, architectural, engineering, legal and similar planning costs; construction management, bond project staff and consultants, staff development and training expenses associated with learning construction techniques and approaches and new bond-funded equipment and systems; the furnishing and equipping of all projects, including equipment to maintain facilities in a safe and clean condition, and a customary contingency for unforeseen design and construction costs. Payment of the costs of preparation of facilities planning and project implementation studies; hazardous materials abatement;, feasibility and assessment reviews; master planning; environmental studies; permit and inspection fees; Division of State Architect (DSA) - related requirements, studies and assessments, including ADA and seismic; and temporary or interim housing and relocation costs for dislocated programs; or activities caused or necessitated by projects on the Bond Project List are permissible bond expenditures.

The final cost of each project will be determined as plans are finalized and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Necessary site preparation, grading or restoration may occur in connection with acquisition of property, new construction, modernization, renovation or remodeling, or installation or removal of modular classrooms, including ingress and egress, removing, replacing or installing irrigation, utility lines, trees and landscaping, relocating fire access roads and acquiring any necessary easements, leases, licenses or rights of way to the property.

SECTION IV: ADDITIONAL SPECIFICATIONS

No Teacher or Administrator Salaries. Proceeds from the sale of Bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation or replacement of school facilities on the Bond Project List, including the furnishing and equipping of said school facilities, or the acquisition or lease of real property for said school facilities, and not for any other purpose, including teacher or administrator salaries and other school operating expenses, including pensions.

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

Other Terms of the Bonds. The bonds may be issued and sold in several series, and in accordance with a financing plan determined by the Board of Trustees pursuant to requirements of law. When sold, the bonds shall bear interest at an annual rate and with a term not exceeding the statutory maximum. Furthermore, the weighted average maturity of each issue of bonds will not exceed 120 percent (120%) of the average reasonably expected economic life of the projects financed by the bonds, consistent with federal tax law. Bond funds may be used to reimburse the District for Bond Project List expenditures incurred prior to the election and bond issuance, in accordance with federal tax law.

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, nor are the summary estimates, if any, provided in the Ballot Label. The actual tax rates, debt service and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the 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.

In preparing this information, the District obtained reasonable and informed projections of assessed property valuations that took into consideration projections of assessed property valuations made by the County Assessor, if any, in accordance with Education Code Section 15100(c).

EXHIBIT C

TAX RATE STATEMENT

An election will be held within the boundaries of School Facilities Improvement District No. 2 ("SFID No. 2") of the Capistrano Unified School District ("District") on November 8, 2022 to authorize the sale of up to $171,000,000 in bonds to finance facilities as described in the measure. If the bonds are approved, the District expects to sell the bonds in multiple series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property located within SFID No. 2. The following information is provided in compliance with Sections 9400 to 9404, inclusive, of the California Elections Code.

1. The best estimate from official sources 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 the election or a projection based on experience within the same jurisdiction or other demonstrable factors, is estimated to be $0.034 per $100 ($34 per $100,000). The final fiscal year in which the tax is anticipated to be collected is 2051-52.

2. The best estimate from official sources of the highest tax rate that would be required to be levied to fund this bond issue, based on assessed valuations available at the time of filing this statement or a projection based on experience within the same jurisdiction or other demonstrable factors, is estimated to be $0.034 per $100 ($34 per $100,000) of assessed valuation, which is projected to be the same in every fiscal year that the bonds remain outstanding.

3. The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold will be approximately $316 million, considering the assumptions set forth in paragraphs (1) and (2) above. This estimate results in a debt service ratio of 1.9 to 1, which is less than the maximum ratio of 4.0 to 1 allowed by Education Code Section 15144.1.

If the bonds are approved, the duration of the tax levy shall continue until final payment of all bonds issued pursuant to the authorization. The tax shall be levied in an amount each year sufficient to pay the principal of and interest on all outstanding bonds issued pursuant to the authorization. Voters should note that the estimated tax rate is based on the ASSESSED VALUE of taxable property on the Orange County 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 while the foregoing information includes conservative projections and estimates of assessed value, market interest rates, and the timing and amount of bonds issued in the future, the District will only issue bonds if the tax rate is at or below the maximum set forth above. The County Assessor is responsible for determining assessed value, the County Auditor-Controller is responsible for setting tax rates, and the County Treasurer-Tax Collector is responsible for the collection of taxes. The actual tax rates may vary over time based on changes in assessed value, and actual debt service may vary based on market interest rates and the timing of when the bonds are issued. 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 bond market conditions at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within SFID No. 3 as determined by the County Assessor in the annual assessment and the equalization process. The District is responsible for the timing and amount of bonds to be issued, which the District will only undertake if tax rates meet the parameters set forth in the above tax rate statement.

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Clark Hampton, Deputy Superintendent
June 15, 2022