

RESOLUTION NO. 1920 - 29

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON MARCH 3, 2020 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

(SFID NO. 2 – “Southern Region”)

WHEREAS, the Board of Trustees (the “Board of Trustees”) of the Capistrano Unified School District (“District”), Orange County, California, 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 July 17, 2019, the Board of Trustees approved Resolution No. 1920-03 Declaring Intention to Form School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, SFID No. 2 is comprised of all land located within the City of San Clemente, plus the land located within that portion of the Palisades Elementary School attendance boundary within the Cities of San Clemente and Dana Point, but excludes all land that is located within Community Facilities District No. 90-2 and Improvement Area No. 2002-1 of Community Facilities District No. 90-2, both created by the District under the Mello-Roos Community Facilities Act of 1982 for the purpose of funding or financing school facilities; and

WHEREAS, on September 4, 2019 and September 11, 2019, Resolution No. 1920-03 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 September 18, 2019 on the question of forming SFID No. 2 for the purpose of funding capital improvements within SFID No. 2; and

WHEREAS, on September 18, 2019, the Board of Trustees 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. 1920-03; and

WHEREAS, on September 18, 2019, after closing the public hearing, the Board adopted Resolution No. 1920-22 Ordering the Formation of School Facilities Improvement District No. 2 of the Capistrano Unified School District; and

WHEREAS, our neighborhood schools serving San Clemente and Capistrano Beach have provided high-quality education to local students for over 50 years; and

WHEREAS, many of our schools were built more than 50 years ago and need to be repaired and upgraded so our local schools can continue serving our communities for decades to come; and

WHEREAS, the District has conducted a thorough assessment of all school facilities to identify the most urgent and high priority improvements; and

WHEREAS, many of our local schools have outdated classrooms, science labs and instructional technology that need upgrading to meet the same academic and safety standards as newer schools in our area; and

WHEREAS, our community supports updating classrooms, science labs and technology to support high-quality instruction in science, technology, engineering and math; and

WHEREAS, to prepare students for careers in healthcare, biomedical, computer science, robotics and skilled trades our schools need modernization in labs and career training facilities; and

WHEREAS, aging facilities have leaky roofs, wood and support beams with termite damage and dry rot, as well as the need to abate materials such as asbestos and lead paint from older school sites, as necessary; and

WHEREAS, deteriorating portables need to be replaced with safe, modern classrooms that meet today's academic standards; and

WHEREAS, the District received community input on facilities and funding from the School Facilities and Finance Advisory Committee and additional community input from public opinion information research; 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 can be used for teacher or administrator salaries and other school operating expenses, including pensions; and

WHEREAS, the Board of Trustees 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 XIII A 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 of Trustees 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 March 3, 2020, a statewide primary 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 XIII A 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 of Trustees, 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 of Trustees 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 the SFID on March 3, 2020, for the purpose of submitting to the registered voters of the District located within SFID No. 2 the full ballot proposition 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 of Trustees 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. The County Registrar is hereby requested to reprint the Full Ballot Text in its entirety in the voter information pamphlet to be distributed to voters pursuant to Section 13307 of the Elections Code. 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 Orange
County Registrar of Voters at _____ and a copy will be
mailed at no cost to you."

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

- (a) Has evaluated the facilities needs of the District and has, through its Facility Condition Assessments and community input, 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 or empower 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 of Trustees no later than each January 1, identifying proceeds received and expended in the past fiscal year and the status of any project funded or to be funded with bond proceeds. The first report shall be due no later than January 1 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 of Trustees.

Section 5. Fiscal Responsibility Provisions. In its capacity as stewards of public funds, the Board of Trustees will develop and implement a fiscally responsible, accountable and transparent bond program, conducted in accordance with the following principles:

- (a) There is a clear need to build and/or modernize facilities, as documented by the Facilities Condition Assessments. The Bond Project List describes specifically how bond funds will be spent.
- (b) Bond funds will not be used to pay for computers, vehicles, technology devices, or other equipment that will become obsolete while the related bond debt is outstanding.

- (c) The District will fund a maintenance reserve by contributing at least 2%-3% of its operating funds annually for routine facility maintenance.
- (d) The District will set aside a fund (from sources other than bond funds) equivalent to 2%-4% of the principal amount of the bonds issued, for deferred maintenance of construction projects (\$2.4 million - \$4.7 million in total, or approximately \$470,000 to \$940,000 per year).
- (e) The District will use the services of an independent registered municipal advisor for each issue of bonds.
- (f) Bonds will be issued via competitive sale if the District's credit rating is at least in the single A category, and by a selected underwriter for a negotiated sale via RFP if the District's credit rating is below the single A category.
- (g) While the District does not plan to enter into a Project Labor Agreement, if the District determines in the future to enter into a Project Labor Agreement, it will ensure that such agreement: (i) prohibits discrimination based on race, national origin, religion, sex, sexual orientation, political affiliation, or membership in a labor organization, in hiring or dispatching workers for bond-funded projects, (ii) permits all qualified contractors and subcontractors to bid for and be awarded work on a bond-funded project without regard to whether they are otherwise parties to collective bargaining agreements, (iii) contains an agreed upon protocol for drug testing workers employed on a bond-funded project, (iv) contains guarantees against work stoppages, strikes, lockouts, and similar disruptions for bond-funded projects; (v) provides that disputes arising from the agreement will be resolved by a neutral arbitrator, and (vi) contains a good-faith effort to implement local, veteran preference hire and apprentice programs.
- (h) The District will adopt a policy requiring disclosure of contributions in excess of \$500 in favor of a District bond measure or candidate campaign, or to a District foundation supporting such a campaign, by persons who obtain bond funded contracts.
- (i) The District will ensure that appropriate training is made available to the Citizens' Bond Oversight Committee and District employees working therewith, and that all documents received and reports issued by the Citizens' Oversight Committee are available to the public on an internet website maintained by the District. The taxpayers' organization representative appointed to the Citizens' Bond Oversight Committee will be a member of a bona fide taxpayers' organization, whose membership therein will be confirmed by the District prior to appointment.

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 proposition.

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 March 3, 2020.
- (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 of Trustees is hereby directed to deliver or cause to be delivered, no later than **December 6, 2019** (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 of Trustees 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 of Trustees 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 the maximum principal amount of \$120,000,000.

Section 12. Further Authorization. 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 nonsubstantive 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.

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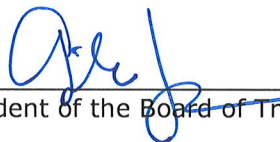
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Section 13. Effective Date. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 16th day of October, 2019, by the following vote of the Board of Trustees of the Capistrano Unified School District:

AYES: 7
NOES: 0
ABSENT: 0
ABSTAIN: 0

CAPISTRANO UNIFIED SCHOOL DISTRICT

By: 
President of the Board of Trustees

ATTEST:

By: 
Clerk of the Board of Trustees

EXHIBIT A

BALLOT LABEL

To repair aging classrooms and facilities at schools serving San Clemente and Capistrano Beach, fix deteriorating roofs, plumbing/electrical systems, and upgrade/construct classrooms/labs, and technology to support college and career readiness in math, science, technology, arts, and skilled trades, shall the Capistrano Unified School District (SFID #2) measure authorizing \$120,000,000 in bonds at legal rates, levying approximately 3¢ per \$100 assessed value (\$7 million annually) while bonds are outstanding, be adopted, with citizen oversight and all money staying local?

Bonds – Yes _____

Bonds – No _____

EXHIBIT B

CAPISTRANO UNIFIED SCHOOL DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 BOND PROPOSITION FULL BALLOT TEXT

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 \$120 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
- Through this process, the Capistrano Unified School District Board of Trustees determined that the District's schools located within SFID No. 2 require repairs and upgrades, including updates to facilities to meet current health, safety, fire, and earthquake standards. Specifically, as further described in Section III: Bond Project List, the Board of Trustees desires in summary to:
 - Repair aging classrooms, facilities, and equipment at schools serving San Clemente and Capistrano Beach;
 - Fix deteriorating roofs, plumbing, and electrical systems;
 - Upgrade/construct classroom buildings, labs, and technology infrastructure to support college and career readiness in math, science, technology, arts, and skilled trades;
 - Install heating, ventilation, and air conditioning at the main San Clemente High School gymnasium; and
 - Construct student services buildings, a performing arts theater, and athletic facilities at San Clemente High School.
- 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
- This bond measure will benefit local schools and must be spent on facilities within SFID No. 2; No funds can be taken away by the State, and by law, no money can 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 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, and the Board of Trustees shall endeavor to include residents from each of the regions within SFID No. 2 (San Clemente and Capistrano Beach).

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 January 1 of each year, commencing on the first January 1 after bonds have been issued and proceeds spent, stating (1) the amount of bond proceeds received and expended in the past fiscal 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 of Trustees.

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 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, redevelopment revenue, joint use funding, and state funding if available. The District will pursue state matching funds if and when they become available, and if received, they will be used for and mainly applied to projects on the Bond Project List or other high priority capital outlay expenditures as permitted in Education Code section 17070.63(c), which may include new educational and athletic facilities on the Upper Campus of San Clemente High School (site of the former Ole Hanson Elementary School).

While the District has budgeted to complete specific projects, due to potential cost escalation, unforeseen conditions, and other factors, placement of a project on the Bond Project List is not a guarantee that it will be completed. No specific project is dependent on the receipt of state funding for completion, but approval of this measure does not guarantee that all projects on this Bond Project List at all listed sites will be funded beyond the local revenues generated by this measure.

Bond proceeds will only be spent at the following schools (hereinafter "SFID No. 2 Sites"):

High School

- San Clemente High School – Built 1965

Middle Schools

- Shorecliffs Middle School – Built 1977
- Bernice Ayer Middle School – Built 1998

Elementary Schools

- Las Palmas Elementary School – Built 1934
- Concordia Elementary School – Built 1959
- Palisades Elementary School – Built 1964
- Truman Benedict Elementary School – Built 1988
- Clarence Lobo Elementary School – Built 1994
- Marblehead Elementary School – Built 2001

Specific projects that may be funded by bond proceeds include projects in Category A and Category B of the Bond Project List, listed below. Category A projects may be completed at any and all SFID No. 2 Sites where such project is determined necessary or required. Category B projects are intended to be completed at the specific site indicated.

Category A. Campus Upgrades for SFID No. 2 Sites

The following projects are authorized to be completed at each, any or all of the SFID No. 2 Sites if and where determined necessary:

- Conduct necessary repairs and upgrades at classrooms and school buildings, including:
 - Repair or replace old, leaky, damaged, and deteriorated roofs.
 - Replace aging equipment for plumbing, electrical, gas, heating, cooling, refrigeration, exhaust, ventilation, and utility systems.
 - Install or replace damaged and missing smoke detectors.
 - Repair or replace damaged, cracked, and worn ceilings, walls, and floors.
 - Eliminate tripping hazards and improve outdoor surfaces and parking lots.
 - Replace or install playgrounds, playground equipment, and playground safety material.
 - Improve safety, accessibility and paths of travel for Americans with Disability Act compliance.
 - Replace outdated fire alarm, security alarm, and communication systems.
 - Repair or replace damaged and deteriorated doors and windows.
 - Install heating, ventilation, and air conditioning.

Category B: Campus Upgrades at San Clemente High School

Additional projects that may be completed at San Clemente High School include the following:

- Renovate, modernize and replace aging classroom and other buildings, including upgrading or replacing roofs, plumbing, electrical, heating, air conditioning, ceilings, walls, doors, flooring, paint, windows, furniture, technology infrastructure, and accessibility.
- Conduct critical repairs at other school buildings, such as repairing or replacing roofs, plumbing and electrical systems, fire and life safety systems, heating and cooling systems.
- Install heating, ventilation, and air conditioning in the main gymnasium.
- Construct student services buildings to support students with administrative, health, library, and food services.
- Construct a performing arts theater for student instruction in music, dance, theater, visual and performing arts.

- Construct athletic facilities to improve student health and fitness and enhance aquatics programs.

Listed projects, repairs, improvements, rehabilitation projects and upgrades will be completed as needed. Projects may be done in phases, based on Board of Trustees' priorities. 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 "renovate," "upgrade," "repair" and "improve" 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 applicable 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, 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 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, removing hazardous substances, if any, 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 the Government Code in the Board of Trustees' 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 March 3, 2020 to authorize the sale of up to \$120,000,000 in bonds to finance facilities as described in the proposition. 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 \$0.03 per \$100 (\$34.00 per \$100,000). The final fiscal year in which the tax is anticipated to be collected is 2048-49.

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 \$0.03 per \$100 (\$34.00 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 \$205,000,000, considering the assumptions set forth in paragraphs (1) and (2) above. This estimate results in a debt service ratio of 1.7 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. 2 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
October 16, 2019