

**Full Text of Measure I
Capistrano Unified School District
School Facilities Improvement District No. 3**

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. 3 ("SFID No. 3") of the Capistrano Unified School District in an aggregate principal amount of up to \$300 million to provide financing for the specific school facilities projects located within SFID No. 3 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. 3 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 Aliso Viejo, Laguna Niguel, and Dana Point;
 - 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;
 - Construct replacement classrooms, a theater, and athletic facilities at Aliso Viejo High School;
 - Construct replacement classrooms, a theater, athletic facilities, and a gymnasium at Dana Hills High School;
 - Install heating, ventilation, and air conditioning at the Aliso Niguel High School gymnasium and Dana Hills High School gymnasium;
 - Construct replacement classrooms and a multipurpose room and improve community access to fields and recreational areas at Niguel Hills Middle 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. 3; No funds can be taken away by the State or other school districts, 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. 3, and the Board of Trustees shall endeavor to include residents from all three cities within SFID No. 3 (Aliso Viejo, Laguna Niguel, and Dana Point).

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 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).

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 every project listed 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 be only be spent at the following schools (hereinafter "SFID No. 3 Sites"):

Aliso Viejo

- Aliso Niguel High School – Built 1993
- Aliso Viejo Middle School – Built 1993
- Don Juan Avila Middle School – Built 2000
- Canyon Vista Elementary School – Built 2006
- Don Juan Avila Elementary School – Built 2000
- Oak Grove Elementary School – Built 1995
- Wood Canyon Elementary School – Built 1997
- Journey Charter School (at Foxborough School Site) – Built 1992

Dana Point

- Dana Hills High School – Built 1973
- R.H. Dana Elementary School – Built 1969
- R.H. Dana Exceptional Needs Facility – Built 1975

Laguna Niguel

- Niguel Hills Middle School – Built 1976
- George White Elementary School – Built 1990
- Hidden Hills Elementary School – Built 1994
- John S. Malcom Elementary School – Built 1994
- Laguna Niguel Elementary School – Built 2002
- Marian Bergeson Elementary School – Built 1988
- Moulton Elementary School – Built 1975
- Community Roots Academy (at Crown Valley School Site) – Built 1966
- Orange County Academy of Science and Arts (at Crown Valley School Site) – Built 1966

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. 3 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. 3 Sites

The following projects are authorized to be completed at each, any or all of the SFID No. 3 Sites if and where determined necessary:

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

Category B: Site-Specific Campus Upgrades within SFID No. 3

Additional projects that may be completed at the specific sites listed below include the following:

Aliso Niguel High School

- Renovate and modernize aging classroom buildings, including upgrading or replacing roofs, plumbing, electrical, heating, air conditioning, ceilings, walls, doors, flooring, paint, windows, furniture, technology infrastructure, and accessibility.
- Conduct necessary repairs and upgrades 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 gymnasium.
- Construct classroom buildings to replace aging and deteriorated portable classrooms.
- Renovate the theater to improve student instruction in music, dance, theater, visual and performing arts.
- Construct athletic facilities for student health and fitness in aquatics programs.

Dana Hills High School

- 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 necessary repairs and upgrades 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 gymnasium.
- Construct classroom buildings to replace aging and deteriorated portable classrooms.
- Construct a theater for student instruction in music, dance, theater, visual and performing arts.
- Construct athletic facilities for student health and fitness in aquatics programs.
- Construct a gymnasium for student health and fitness in athletics programs.

Niguel Hills Middle School

- Renovate and modernize aging classroom buildings, including upgrading or replacing roofs, plumbing, electrical, heating, air conditioning, ceilings, walls, doors, flooring, paint, windows, furniture, technology infrastructure, and accessibility.
- Conduct necessary repairs and upgrades at other school buildings, such as repairing or replacing roofs, plumbing and electrical systems, fire and life safety systems, heating and cooling systems.
- Construct classroom buildings to replace aging and deteriorated portable classrooms.
- Construct a multipurpose room for student instruction in music, school assemblies and visual and performing arts.
- Improve community access to sports fields and recreational areas.

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 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 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).