

BOND LANGUAGE:

“In order to construct, acquire, renovate and upgrade school facilities and provide major repairs and upgrades of existing school facilities at schools of the Santee School District, and in so doing increase safety and educational effectiveness of classrooms for students, shall the Santee School District be authorized to issue Bonds in an amount not to exceed \$60,000,000.”

CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS:



Modernized Classrooms & Comments:



Quote from Allwyn (junior high teacher) – *A positive, bright learning environment!*

Quote from Sarah (1st grade teacher) – *New learning environment positively impacts student learning.*

Quote from Megan (1st/2nd grade combo teacher) – *Having the space and organization provides the best learning environment for students.*



ICOC meetings are open to the public and held at 6:00 p.m. on the 1st Wednesday quarterly in February, May, August, and November, at the Santee School District office, located at 9625 Cuyamaca Street in Santee.

For more information and current schedule and updates, visit the ICOC website at www.santeesd.net/modernization.



Independent Citizens' Oversight Committee

LETTER FROM THE CHAIR

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MEMBERSHIP

- Gina Jackson, Chair**
Parent/Guardian, PTA
- Eld Fakhouri, Vice-Chair**
Member-at-Large
- Jason Crowell**
Taxpayers' Association
- Jorge Merlino**
Parent/Guardian
- Jim Montague**
Senior Citizens' Org.
- Kai Ramer**
Member at Large
- Beth Selbe**
Parent/Guardian
- Rick Weeks**
Parent/Guardian

ICOC Website:

www.santeesd.net/modernization

ICOC mailing address:

9625 Cuyamaca Street
Santee, CA 92071

ICOC fax number:

(619) 258-2260

Dear Taxpayers:

The ICOC is pleased to submit to you the second Annual Report on the Santee School District's Proposition R Bond Funds. We are very excited about the progress that has been made thus far with this Capital Improvement Program (CIP). We also recognize the financial challenges that the Board of Education and School District staff face in completing the modernization project. The Board and staff have shown great diligence in facing the State funding challenges and have adjusted the scope and timing of the program accordingly.

Program Highlights

Although 2009 has been a challenging year economically for the State of California and Santee School District, Phase 1 of the modernization project was able to be completed and some movement with Phase 2 project work was accomplished over last summer.

Phase 1 completion included the following:

- Modernization of five schools at Cajon Park, Carlton Hills, Carlton Oaks, Sycamore Canyon, and Rio Seco
- Construction of four new Junior High buildings at Cajon Park, Carlton Hills, Carlton Oaks, and Rio Seco

Phase 2 startup:

- Underground electrical infrastructure work completed at PRIDE Academy at Prospect Avenue and Chet F. Harritt Schools
- Plan check and permits for Phase 2 construction
- State funding approvals of \$38 million (funds have not been received to date due to the State's fiscal crisis)

While construction was progressing ahead of schedule and costs were coming in below budget, the program had to come to some difficult decisions when State-matching funds that were already applied for and approved, were not released by the State. There is currently \$38 million in applications for State-matching funds that are waiting to be released to the Santee School District. Because of the State's budget shortfall and freezing of funds, the Board had to secure bridge financing in June of 2009 to complete in progress construction related to Phase 1 and to complete the infrastructure projects listed above in preparation for future modernization.

Bridge Financing

In June 2009, the Board was able to secure bridge financing of \$11.5 million through Bond Anticipation Notes (BAN). The Santee School District still has \$19 million in bonding capacity that cannot be sold at this time because of the decline in assessed property valuation. The bridge financing was necessary to complete construction of Phase 1 already in progress and to continue with some of the startup items for Phase 2 as listed above.

This bridge financing will be paid back with the State-matching funds when they become available, or be rolled over and paid back when the remaining \$19 million of General Obligation (GO) bonds are issued. The Board will evaluate the most fiscally prudent path to take when this debt matures.

Summary and Completion Plans for the Modernization Program

The District has completed \$82 million in improvements to date. The ICOC is responsible for overseeing the \$60 million in GO Bonds, of which \$19 million remains to be sold. The State is due to send \$38 million to the District as noted above and the District is hoping to receive these funds by 2011. Once these funds are received, and the BAN is paid off, the Board will continue with the modernization/CIP program.

Phase 2 includes applications for additional allocations from the State of approximately \$6.9 million, although the acceptance and timing of these funds is unknown. There are three modernizations left in Phase 2—Chet F. Harritt, Hill Creek, and PRIDE Academy at Prospect Avenue Schools, and one in Phase 3—Pepper Drive School. The Board remains committed to completing the entire CIP program in the most expedient and fiscally prudent way possible.

Committee Findings

The ICOC has concluded that the audits resulted in the highest opinion possible, and found that the Bond Funds were accounted for and spent in accordance with the Bond Language.

“The Independent Citizens' Oversight Committee shall actively review and report on the proper expenditure of taxpayers' money for school construction.”

The second year Performance Review for the fiscal year

- Prop R ballot language

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ending 6/30/2009 was completed by AF Consultants. The overall review was very favorable. When evaluating the five projects that have been completed, there was a substantial savings of 18.5%. The Performance Review found that the Bond Funds were accounted for and spent in accordance with the Bond Language.

The 6/30/2009 Financial and Performance Audits were conducted by Vavrinek, Trine, Day & CO., LLP Certified Public Accounts. The audits resulted in the highest opinion possible, and found that the Bond Funds were accounted for and spent in accordance with the Bond Language.

To view and/or download a copy of the Performance Review or the Financial Audit, you may go to www.santeesd.net/modernization.

For more information and current updates, visit the ICOC website at www.santeesd.net/modernization.

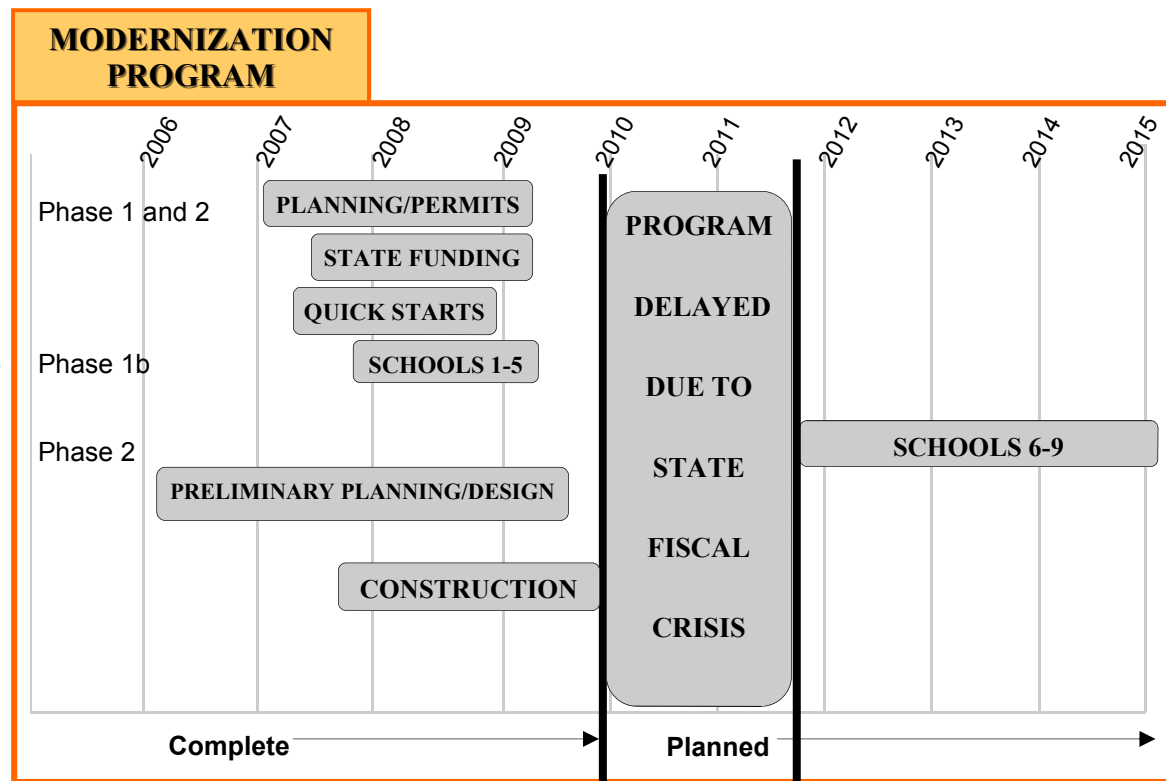
Special Thanks

The ICOC would like to recognize Christina Becker, Director of Facilities & Modernization, and Nancy Stasch, Senior Buyer/Logistics Specialist, for their continued support and excellent work ethic during the CIP program. The ICOC relies on their participation and dissemination of information to remain informed on the progression of the CIP program. Their dedication and commitment to the success of the program is evident and the Santee School

District is very lucky to have Christina Becker and Nancy Stasch as members of their staff. The ICOC felt compelled to personally and publicly thank them for their contributions. If you have any questions regarding the program, Christina Becker may be reached at 619-258-2323 or by email: cbecker@santee.k12.ca.us.

Sincerely,

Gina Jackson, Chair



FISCAL CRISIS

The mission of the ICOC is to independently review the execution of the Proposition R bond program to validate to the public and the Board of Education that bond funds are spent within the intent of the bond measure language.

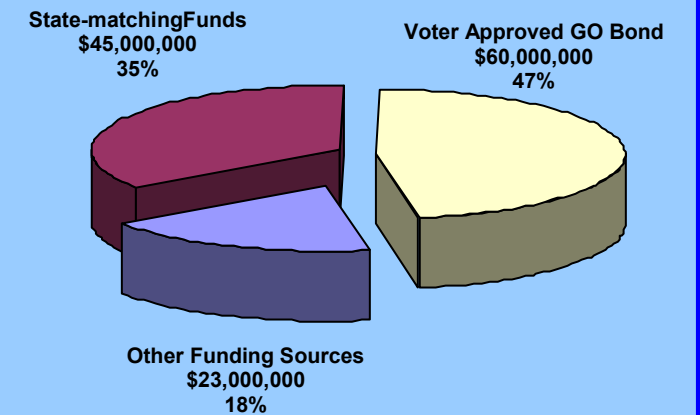
Due to the State's continued fiscal crisis, we have had to slow down, and halt the school construction program. Currently, Santee School District has \$38 million in school facility reimbursement funds being held by the State. The Capital Improvement Program will return to its schedule once State reimbursement funds are received. This could be as early as summer 2011 or as late as 2014. The timing of such is unknown at this time. Due to the funding constraints, the revised plan delayed the proposed summer 2009 classroom modernization plans at Chet F. Harritt, Hill Creek, and PRIDE Academy at Prospect Avenue. However, the District was able to provide infrastructure at Chet F. Harritt and PRIDE Academy at Prospect Avenue Schools in preparation for completing the Capital Improvement Program in the future.

Santee School District Received an A+ Bond Rating by Standard & Poor's

Monthly Milestones

- November 2006—Santee Bond Passes
- March 2007—ICOC formed
- June 2007— ICOC Newsletter
- Summer 2007—Quick Start (QS) projects: Completed playgrounds structures and four joint-use turf fields.
- September 2007— ICOC Newsletter. Junior High addition design begins. Joint-use funds of \$7.8 million from State realized.
- December 2007— ICOC Newsletter. Security door locks begins.
- March 2008— ICOC Newsletter. Cajon Park addition begins.
- April 2008—Program Start ground breaking ceremony. Security locks completed.
- June 2008— ICOC Newsletter. Prototype teaching wall and modernization construction begins at five schools: Cajon Park, Carlton Hills, Carlton Oaks, Rio Seco, and Sycamore Canyon. ICOC first year Program Performance Review completed.
- September 2008—ICOC Newsletter. 89 classrooms modernization completed. New classroom additions begin at Carlton Hills, Carlton Oaks, and Rio Seco. Projects ahead of schedule.
- October 2008—QS play structures continue at all schools.
- November 2008—ICOC 1st Annual Report issued to Board.
- January 2009-Modernization complete at Sycamore Canyon School, and Cajon Park 2-Story addition completed.
- February 2009—Dedication & Grand Opening of the Cajon Park School New Addition & Modernization.
- March 2009—State-matching Funds Halted.
- April 2009—Modernization complete at Cajon Park, Carlton Hills, Carlton Oaks, and Rio Seco Schools.
- May 2009—QS play structures completed at Cajon Park and Sycamore Canyon Schools.
- June 2009—New classroom additions completed at Carlton Hills, Carlton Oaks, and Rio Seco Schools.
- July 2009—Electrical upgrades and infrastructure construction begins at Chet F. Harritt and PRIDE Academy at Prospect Avenue Schools.
- September 2009—Electrical/Infrastructure completed at Chet F. Harritt and PRIDE Academy at Prospect Avenue Schools.
- December 2009—One Ball Field Upgrade begins at Chet F. Harritt School. ICOC newsletter posted on website.
- April 2010—ICOC 2nd Annual Report issued to Board.

Prop R Funds Vs. Other Funds Projected Funding Total \$128 Million



PROP R COSTS: PROGRAM ON BUDGET

Original Funding: Prop R is currently funded with \$128 million; \$60 million from Prop R; \$45 million in state school building grants; and \$23 million from other funding sources.

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE

www.santeesd.net/modernization

FUTURE ICOC MEETING DATES

Public Welcome

**Location: Santee School District District Office Conference Room
9625 Cuyamaca Street
Santee, California**

6:00 PM

**May 5, 2010 November 3, 2010
August 4, 2010 February 2, 2011**