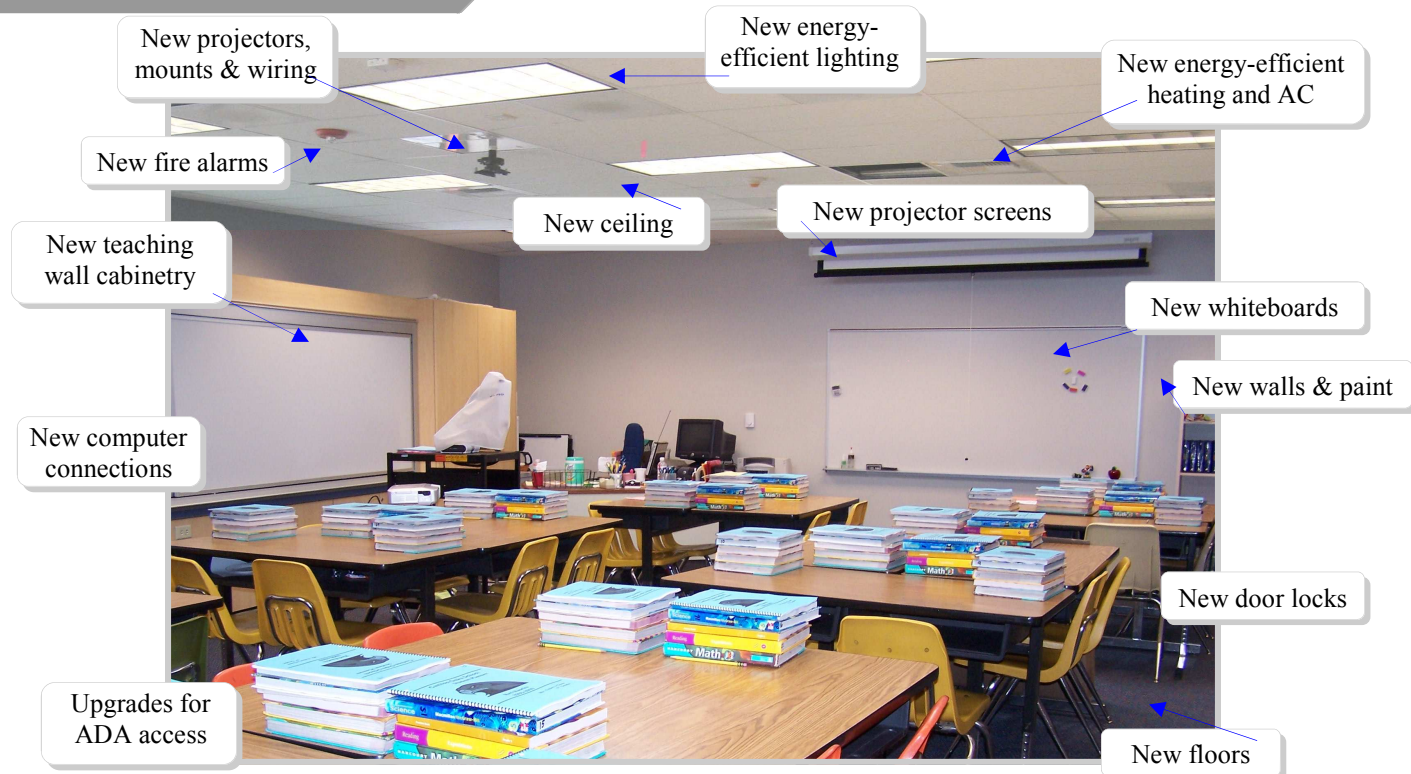


BOND LANGUAGE:

“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:

TYPICAL MODERNIZED CLASSROOM



Modernized Classrooms & Comments:



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

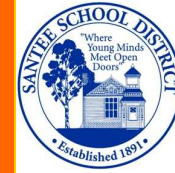
Quote from Sarah (1st grade teacher) – New learning environment positively impacts student learning.

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 March, June, September, and December, 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

Dear Taxpayers:

The ICOC is pleased to submit to you the third Annual Report on the Santee School District's Proposition R Bond Funds. We have GREAT NEWS!! The State has finally released long awaited funds that will allow the District to move forward with construction and modernization plans in 2011. Below is a summary showing how far we have come with the total Capital Improvement Program (CIP). Please note the following:

Total Program:	
Total Estimated Program Cost (Revised April 2011)	\$ 141,000,000
Improvements Completed Through Sept 30, 2010	\$ (81,900,000)
Estimated Balance to Complete	\$ 59,100,000
Remaining Sources:	
State Funds Recently Released	\$ 38,500,000
State Funds Previously on Hand	\$ 2,000,000
Less Bridge Financing Pay Back	\$ 12,200,000
Balance Available for Immediate Use:	\$ 28,300,000
Remaining GO Bonds to Issue:	\$ 18,900,000
Balance Needed:	\$ 11,900,000
Total Estimated Balance to Complete	\$ 59,100,000

Timing of issuing remaining GO Bonds is unknown and is reliant on property values in our community.

Applications have been submitted for additional new construction state matching funds totaling \$5.5 million. The acceptance of these applications and timing of funds is unknown at this time.

Summary of Completed Items in Phase 1 & the Beginning of Phase 2

Phase 1 completion included the following items:
 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 completion items included both infrastructure and plan checks for future additions as follows:
 Underground electrical infrastructure work completed at PRIDE Academy at Prospect Avenue and Chet F. Harritt Schools and partially at Hill Creek School with their Solar project.
 Plan check and permits for Phase 2 construction, 10-classroom additions were completed.
 After much delay, State funding approvals of \$38.5 million were received between September 2010 and February 2011 allowing construction plans to move forward for 2011-2012.

There is currently \$38.5 million in State-matching funds that were finally released recently to the Santee School District. Of this \$38.5 million, \$12.2 million will be used to pay back bridge financing that was secured in June 2009.

Completion Plans for the Modernization Program

The continuation of phase 2 includes three school modernizations: Chet F. Harritt, Hill Creek, and PRIDE Academy at Prospect Avenue. As stated above, applications have been submitted for additional allocations from the State of approximately \$5.5 million, although the acceptance and timing of these funds is unknown.

Phase 3 includes one modernization at Pepper Drive School and three Junior High classroom additions for Hill Creek, Chet F. Harritt and Pepper Drive schools. The Hill Creek addition is tentatively scheduled for construction to start during the summer of 2011 depending upon sufficient remaining funds. Once remaining bond funding is realized, more phase 3 work will be scheduled. The Board remains committed to completing the entire CIP program in the most expedient and fiscally prudent way possible.

CONTENTS

- Letter from the Chair
- Modernization Timeline
- Monthly Milestones
- Funding
- Bond Language
- Capital Improvement Program Highlights

MEMBERSHIP

- Gina Jackson, Chair**
Parent/Guardian, PTA
- Eld Fakhouri, Vice-Chair**
Member-at-Large
- Jorge Merlino**
Parent/Guardian
- Jim Montague**
Senior Citizens' Org.
- Lesha Montoya**
Member at Large
- Kal Ramer**
Taxpayers' Association
- Janna Schoenborn**
Business Representative
- 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

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

- Prop R ballot language

...continued from page 1 ... LETTER FROM THE CHAIR

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 third year Financial and Performance Reviews for the fiscal year ending 6/30/2010 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.

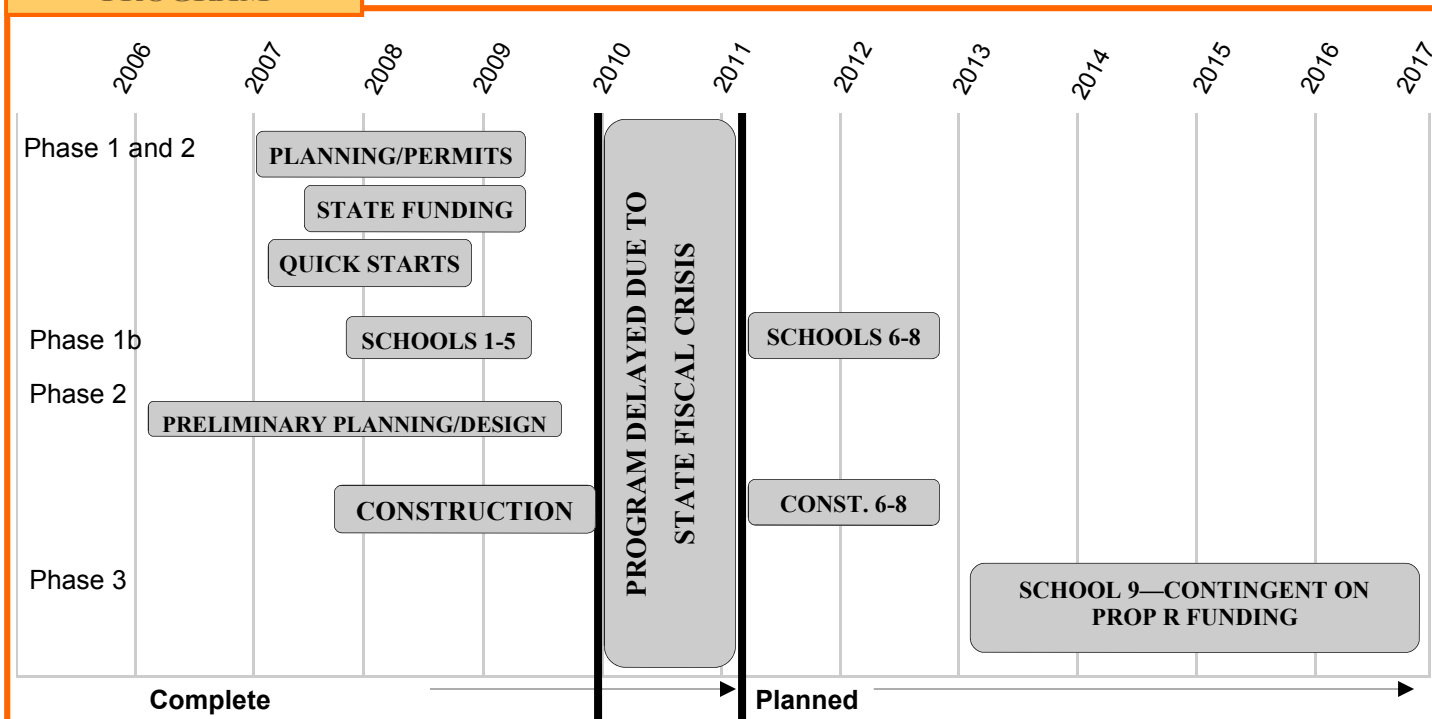
Special Thanks

The ICOC would like to recognize Karl Christensen, Assistant Superintendent, Business Services, 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. 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: christina.becker@santeesd.net.

Sincerely,

Gina Jackson, Chair

MODERNIZATION PROGRAM



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.

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

Monthly Milestones

2006
November—Santee Bond Passes.

2007
March—ICOC formed
June—ICOC Newsletter
Summer—Quick Start (QS) projects: Completed playground structures and four joint-use turf fields.
September— ICOC Newsletter. Junior High addition design begins. Joint-use funds of \$7.8 million from State realized.
December—ICOC Newsletter. Security door locks begins.

2008
March— ICOC Newsletter. Cajon Park addition begins.
April—Program Start ground breaking ceremony. Security locks completed.
June— 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—ICOC Newsletter. 89 classrooms modernizations completed. New classroom additions begin at Carlton Hills, Carlton Oaks, and Rio Seco. Projects ahead of schedule.
October—QS play structures continue at all schools.
November—ICOC 1st Annual Report issued to Board.

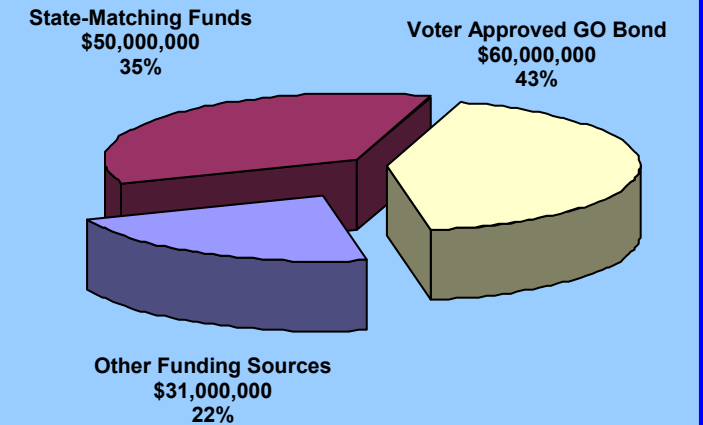
2009
January—Modernization complete at Sycamore Canyon School and Cajon Park 2-Story addition completed.
February—Dedication & Grand Opening of the Cajon Park School New Addition & Modernization.
March—State-Matching Funds Halted.
April—Modernization complete at Cajon Park, Carlton Hills, Carlton Oaks, and Rio Seco Schools.
May—QS play structures completed at Cajon Park and Sycamore Canyon Schools.
June—New classroom additions completed at Carlton Hills, Carlton Oaks, and Rio Seco Schools.
July—Electrical upgrades and infrastructure construction begins at Chet F. Harritt and PRIDE Academy Schools.
September—Electrical/Infrastructure completed at Chet F. Harritt and PRIDE Academy Schools.
December—One Ball Field Upgrade begins at Chet F. Harritt School. ICOC newsletter posted on website.

2010
April—ICOC 2nd Annual Report issued to Board.
June—Electrical/Infrastructure at Hill Creek School

2011
January—\$38.5 million State-Matching Funds received
February— Modernization begins at PRIDE Academy and Second Phase for Ball Field Upgrades at Chet F. Harritt
June—ICOC 3rd Annual Report issued to Board.
June—Modernization begins at Chet F. Harritt & Hill Creek Schools

Prop R Funds Vs. Other Funds

Projected Funding Total \$141 Million



PROP R COSTS: PROGRAM ON BUDGET

Original Funding: Prop R projects are currently estimated at \$141 million; \$60 million from Prop R; \$50 million in state school building grants; and 31 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

**September 7, 2011 March 7, 2012
December 7, 2011 June 6, 2012**