



# Sweetwater Union High School District

RATING PRESENTATION TO STANDARD & POOR'S  
General Obligation Bond Anticipation Notes, Series 2013  
February 1, 2013



# Presentation Team

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**Richard Knott**

Interim Chief Financial Officer

**Karen Michel**

Director of Finance

**Thomas Calhoun**

Chief Facilities Officer

*Other Participants:*

**William Reynolds**

Financial Advisor, First Southwest Company

**Kevin Hale**

Disclosure Counsel, Orrick Herrington & Sutcliffe

**Warren Diven**

Bond Counsel, Best Best & Krieger

**Marc Hughes**

Underwriter, Mitsubishi UFJ Securities

# Presentation Outline

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- **District Overview**
- **Financial Highlights**
  - Budget and Financial Management
  - Financial Results
  - Budget Update
  - Labor Relations
  - Retirement Funding
- **Tax Base & Economic Highlights**
- **Debt and Investment Management**
- **Facilities Plan & Plan of Finance**
- **2013 Bond Anticipation Notes**
- **Closing Remarks**



# District Overview



# General District Information

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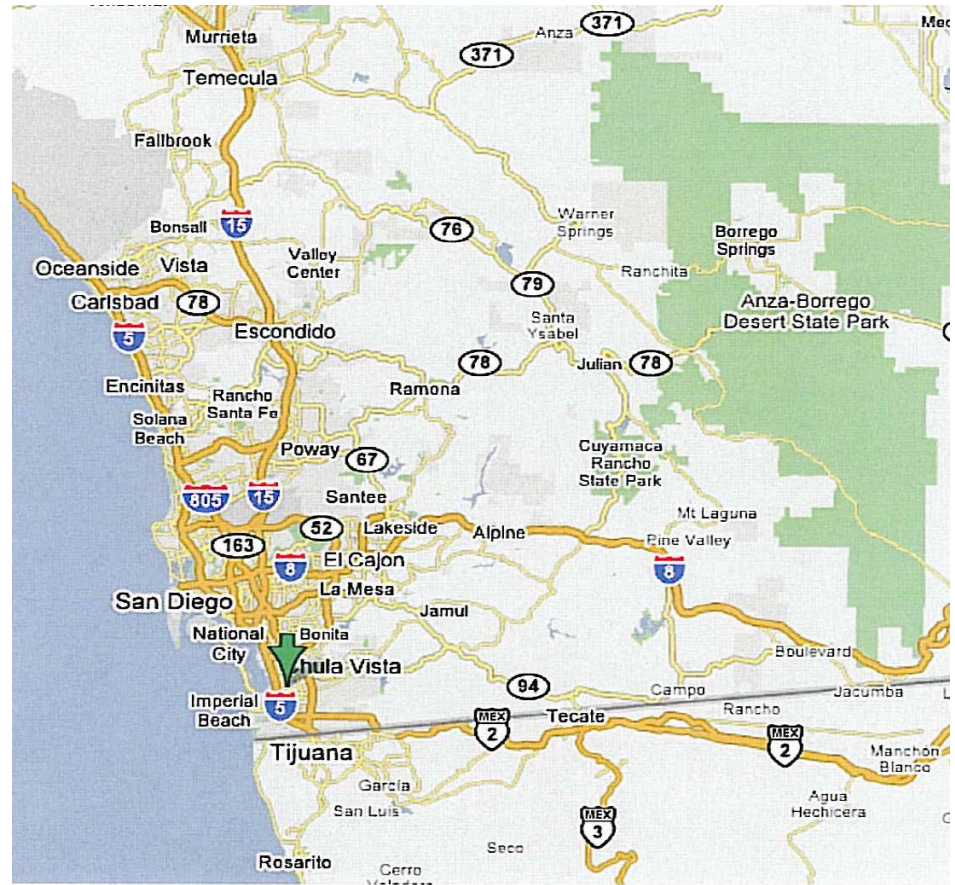
- The District was established in 1920
  - Assessed Valuation: over \$32.9 billion
  - Total Enrollment: over 40,500 (grades 7 -12 students)
  - Average Daily Attendance: 38,704.40
  - Total Employees: 2,213 certificated and 1,540 classified
- Election of 2000 (Proposition BB)
  - Bond Passage Rate: over 67%
  - Total Authorized Amount: \$187 million
  - No Remaining Bonding Capacity
- Election of 2006 (Proposition O)
  - Bond Passage Rate: 67.47%
  - Total Authorized Amount: \$644 million
  - Total Issued to date: \$180 million



- General Obligation Bond Limits
  - 1.25% of Assessed Valuation
  - FY 2011-12 Debt Limit: \$405.3 million
  - Net Bonding Capacity: \$225 million

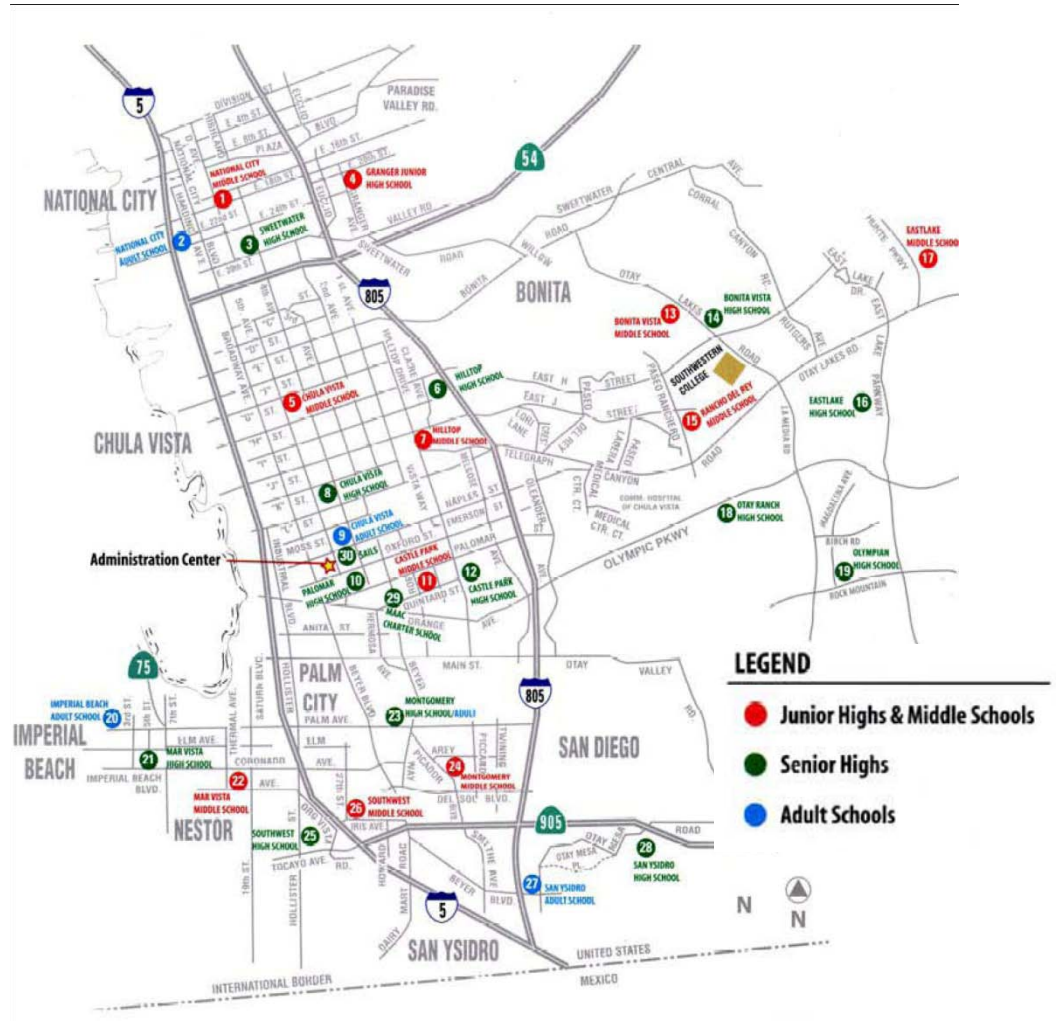
# Regional Map

- The District is located in southern San Diego County with its main office situated approximately 17 miles south of the City of San Diego in the City of Chula Vista
- The District serves the communities of Bonita, Chula Vista, Eastlake, Imperial Beach, National City, Otay Mesa, South San Diego and San Ysidro
- The District serves a population of approximately 408,823 within an area of approximately 153 square miles.



# District Map

- The District provides secondary education, including grades 7-12 and adult education
- The District is the largest secondary school system in the State and currently operates
  - 10 middle schools
  - 1 junior high school
  - 13 senior high schools
  - 1 continuation high school
  - 1 alternative education school
  - 4 adult schools



# District Board & Primary Administrative Staff

## Board of Trustees

Jim Cartmill, *President*  
Arlie N. Ricasa, *Vice President*  
John McCann  
Bertha Lopez  
Pearl Quinones

## Superintendent

Dr. Edward Brand

## Interim Chief Financial Officer

Richard Knott

## Director of Finance

Karen Michel



## Chief Facilities Executive

Thomas Calhoun



# District Administrative Staff Profiles

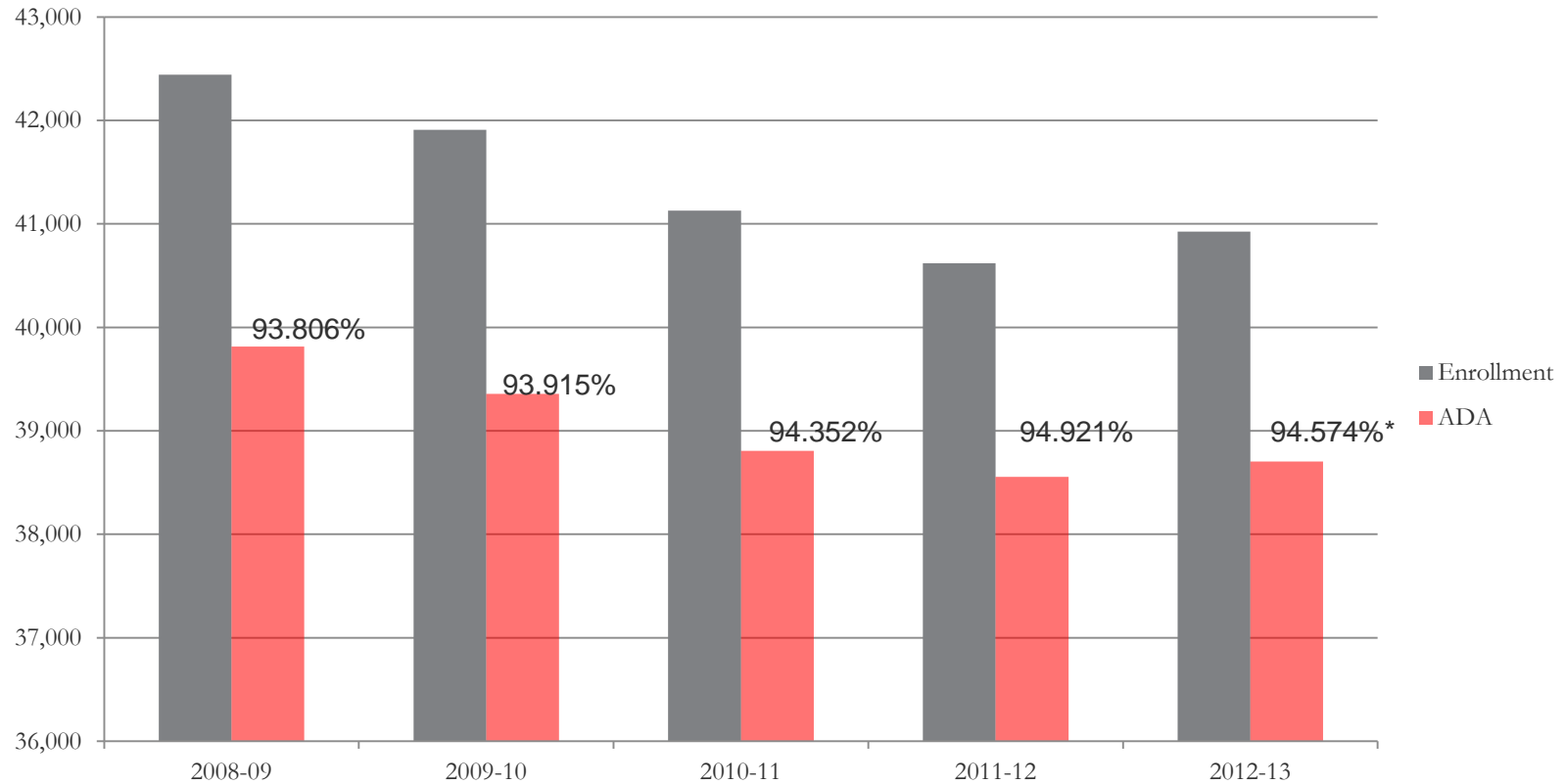
- **Dr. Edward Brand, Superintendent**
  - Over 30 years of education experience
  - Re-joined the District in 2011
  - Worked as the District Superintendent from 1995-2005
  - Named Superintendent of the Year (2012) by American Association of School Administrators
  - Attended United States International University and California Western University
  
- **Richard Knott, Interim Chief Financial Officer\***
  - Over 40 years related financial experience
  - Joined the District in August 2012
  - Previously served as Controller for the Los Angeles (2+ yrs) and San Diego (30+ yrs) Unified School Districts
  - Passed the Certified Public Accountant exam
  
- **Karen Michel, Director of Finance**
  - Director of Fiscal Services since 2007
  - Joined the District in 1996
  - B.S., Business Administration – California State University of Sacramento



- **Thomas Calhoun, Chief Facilities Executive**
  - Over 29 years of educational & facilities construction experience
  - Joined the District in August 2012
  - Previously served as the Regional Development Manager for the Los Angeles Unified School District's \$20 billion CIP
  - BS, Engineering Sciences, US Air Force Academy, MS Systems Management, USC

*\* The District has selected a new CFO who will report on February 11<sup>th</sup>.*

# Enrollment & Average Daily Attendance History



Source: The District

*\*Please note that the 2012-13 ADA is a projection.*

*Enrollment has increased by 306 students over the past year*

# Budget and Financial Management

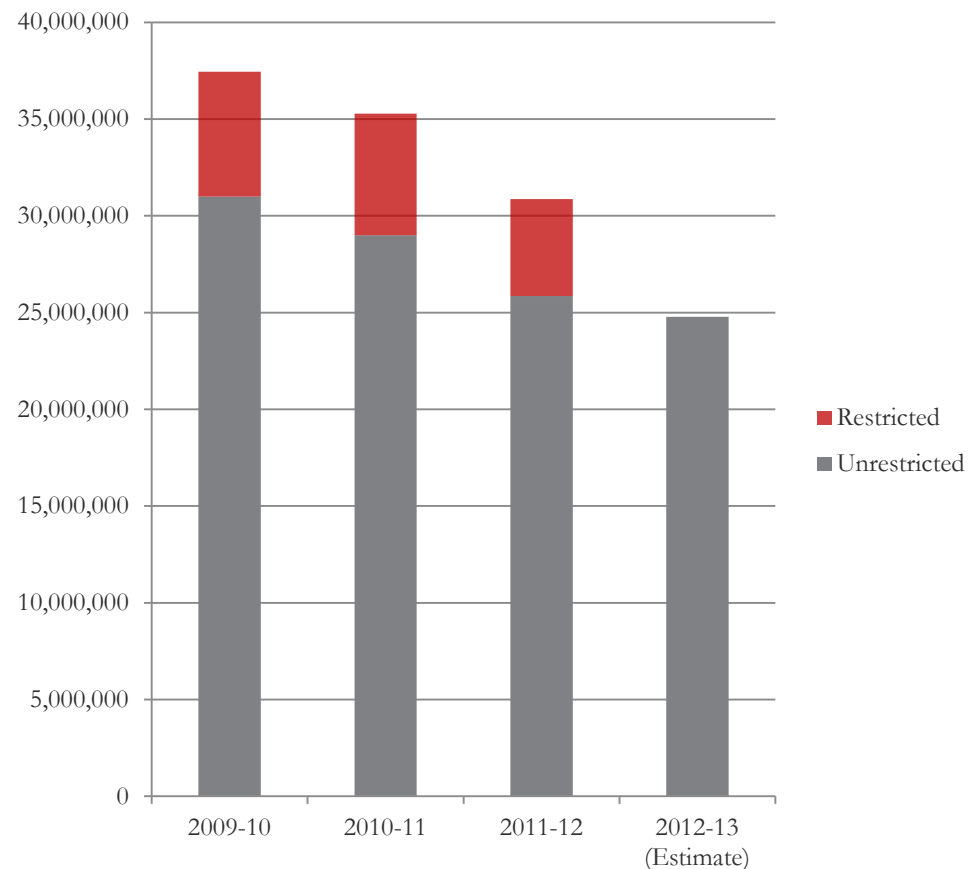


# History of General Fund Revenues & Expenditures

|   | FY 2009-10         | FY 2010-11          | FY 2011-12          |
|---|--------------------|---------------------|---------------------|
| <b>Revenues</b>                               |                    |                     |                     |
| General Revenues                              |                    |                     |                     |
| Revenue Limit                                 | 226,318,343        | 240,183,930         | 236,478,953         |
| Federal Revenue                               | 36,573,698         | 29,768,589          | 32,150,022          |
| Other State Revenue                           | 50,531,667         | 56,090,989          | 56,175,909          |
| Miscellaneous                                 | 28,992,428         | 31,688,988          | 30,520,584          |
| <b>Total Revenues</b>                         | <b>342,416,136</b> | <b>357,732,496</b>  | <b>355,325,468</b>  |
| <b>Expenditures</b>                           |                    |                     |                     |
| Certificated Salaries                         | 181,591,785        | 177,972,821         | 171,908,185         |
| Classified Salaries                           | 62,403,012         | 61,503,242          | 57,044,314          |
| Employee Benefits                             | 61,145,085         | 66,129,709          | 62,218,062          |
| Books and Supplies                            | 11,850,317         | 12,775,231          | 14,020,700          |
| Services and Other Operating Expenditures     | 28,077,937         | 28,274,988          | 27,772,848          |
| Capital Outlay                                | 316,960            | 505,927             | 1,117,384           |
| Outgo (excluding Transfers of Indirect Costs) | 2,695,079          | 3,385,351           | 3,355,872           |
| Outgo - Transfers of Indirect Costs           | (1,212,837)        | (967,032)           | (126,357)           |
| <b>Total Expenditures</b>                     | <b>346,867,340</b> | <b>349,580,237</b>  | <b>337,311,008</b>  |
| <b>Revenues Over (Under) Expenditures</b>     | <b>(4,451,204)</b> | <b>8,152,270</b>    | <b>18,013,560</b>   |
| <b>Other Financing Sources (Uses)</b>         | <b>(116,747)</b>   | <b>(11,994,431)</b> | <b>(22,427,368)</b> |
| Interfund transfers in                        | 11,036,434         | 0                   | <b>71,988</b>       |
| Interfund transfers out                       | (16,153,181)       | (14,009,037)        | <b>(22,499,356)</b> |
| All other financing sources                   | 5,000,000          | 2,014,606           | <b>0</b>            |
| All other financing uses                      | 0                  | 0                   | <b>0</b>            |
| Total Other Financing Sources and Uses        | (116,747)          | (11,994,431)        | (22,427,368)        |
| Other Restatements                            | 0                  | 1,670,500           | <b>0</b>            |
| Net Change in Fund Balances                   | (4,567,951)        | (3,842,161)         | (4,413,808)         |
| Beginning Fund Balances                       | 42,015,883         | 37,447,932          | 35,276,271          |
| <b>Ending Fund Balances</b>                   | <b>37,447,932</b>  | <b>35,276,271</b>   | <b>30,862,463</b>   |

# History of Change in General Fund Balance

- Due to budget pressures brought on by the recession, the District's General Fund Balance for 2011/12 dropped to \$30.86 million, representing nearly 8.68% of GF revenues.
- General Fund Balance for 2012/13, is currently projected to be \$24.39 million, but could increase as the Restricted Fund Balance becomes clearer.
- Restricted Fund Balance for 2012/13 is projected to be \$0, but a balance is expected at June 13, 2013.
- 2012/13 Base Revenue Limit per student: 7,716.78.



# General Fund Outlook - 2011/12 Budget v. Actual

- Actual Expenditures were \$23.5 million higher than Budgeted because:
  - Adopted Budget assumed a 330 ADA reduction reserved in ending balance
  - \$12.8 million cut did not materialize in the State budget , so reserve was liquidated and certificated positions were restored
- Actual Revenues were \$16.5 million higher because:
  - \$14.0 million carryover and new entitlements for restricted programs
  - \$2.5 increased revenues in unrestricted programs

|   | FY 2011-12<br>Adopted Budget | FY 2011-12<br>Actual | Difference          |
|---|------------------------------|----------------------|---------------------|
| <b>Revenues</b>                               |                              |                      |                     |
| General Revenues                              |                              |                      |                     |
| Revenue Limit                                 | 237,177,154                  | 236,478,953          | (698,201)           |
| Federal                                       |                              |                      |                     |
| Revenue                                       | 28,426,357                   | 32,150,022           | 3,723,665           |
| Other State Revenue                           | 48,417,888                   | 56,175,909           | 7,758,021           |
| Miscellaneous                                 | 24,811,362                   | 30,520,584           | 5,709,222           |
| <b>Total Revenues</b>                         | <b>338,832,761</b>           | <b>355,325,468</b>   | 16,492,707          |
| <b>Expenditures</b>                           |                              |                      |                     |
| Certificated Salaries                         | 158,123,427                  | 171,908,185          | 13,784,758          |
| Classified Salaries                           | 57,853,969                   | 57,044,314           | (809,655)           |
| Employee Benefits                             | 57,500,057                   | 62,218,062           | 4,718,005           |
| Books and Supplies                            | 11,918,742                   | 14,020,700           | 2,101,958           |
| Services and Other Operating Expenditures     | 26,935,398                   | 27,772,848           | 837,450             |
| Capital Outlay                                | 0                            | 1,117,384            | 1,117,384           |
| Outgo (excluding Transfers of Indirect Costs) | 2,765,431                    | 3,355,872            | 590,441             |
| Outgo - Transfers of Indirect Costs           | (1,250,074)                  | (126,357)            | 1,123,717           |
| <b>Total Expenditures</b>                     | <b>313,846,950</b>           | <b>337,311,008</b>   | 23,464,058          |
| <b>Revenues Over (Under) Expenditures</b>     | 24,985,811                   | 18,013,560           | (6,972,251)         |
| <b>Other Financing Sources (Uses)</b>         | (13,982,420)                 | (22,427,368)         | (8,444,948)         |
| Interfund transfers in                        | 0                            | 71,988               | 71,988              |
| Interfund transfers out                       | (13,982,420)                 | (22,499,356)         | (8,516,936)         |
| All other financing sources                   | 0                            | 0                    | 0                   |
| All other financing uses                      | 0                            | 0                    | 0                   |
| Total Other Financing Sources and Uses        | (13,982,420)                 | (22,427,368)         | (8,444,948)         |
| Other Restatements                            | 0                            | 0                    | 0                   |
| Net Change in Fund Balances                   | 11,003,391                   | (4,413,808)          | (15,417,199)        |
| Beginning Fund Balances                       | 35,276,271                   | 35,276,271           | 0                   |
| <b>Ending Fund Balances</b>                   | <b>46,279,662</b>            | <b>30,862,463</b>    | <b>(15,417,198)</b> |

# General Fund Outlook – 2012/13 Budget

- Budgetary challenges that were addressed in the last two fiscal years
  - Cash flow problems due to State deferrals
  - Declining State funding
  - Uncertainty on level of State cuts (midyear)
- Measures taken to address Challenges
  - Reduced its work force.
  - Negotiated concessions from unions.
  - Inter-fund loans to meet cash flow needs
- Significant assumptions built into the Budget
  - Slight decrease in enrollment (enrollment actually ended up increasing by 306 students) for 2012/13
  - Cost of Living Adjustment from State on Revenue Limit for 2013/14
  - Will develop income projections based on Revenue Limit and categorical programs funding model, not on Governors Local Control Funding Formula for 2013/14 at this time.
- 2012 Budget compared to Actuals
  - Due primarily to Proposition 30, actual revenues and expenditures will be greater than the adopted Budget

|   | 2012-13<br>Adopted Budget |
|---|---------------------------|
| <b>Revenues</b>   |                           |
| Revenue Limit Sources   | 218,195,090               |
| Federal Revenues  | 18,283,939                |
| Other State Revenues  | 47,685,216                |
| Other Local Revenues  | <u>24,674,846</u>         |
| <b>Total Revenues</b>   | <b>308,839,091</b>        |
| <b>Expenditures</b>   |                           |
| Certified Employees   | 144,228,768               |
| Classified Employees  | 51,274,028                |
| Employee Benefits   | 62,372,213                |
| Books and Supplies  | 10,030,220                |
| Contracted Services   | 26,909,502                |
| Capitalized Expenditures  | 0                         |
| Other Outgo   | 949,151                   |
| <b>Total Expenditures</b>   | <b>295,763,882</b>        |
| <b>Net Fund Balance Increase (Decrease)</b>                           | <b>94,210</b>             |
| Beginning General Fund Balance  | 30,862,463                |
| <b>Ending General Fund Balance</b>                                    | <b>30,956,673</b>         |
| <b>General Fund Ending Balance as a Percent of Total Expenditures</b> | <b>10.47%</b>             |

*Projections for the 2013 Budget are being developed. Some restorations/improvements are being considered which would require changes/reductions to current operations.*

# District Labor Relations & Number of Employees

| BARGAINING UNIT   | Contract Expiration |
|---|---------------------|
| California Teachers Association/National Education Assistance | June 30, 2013       |
| California School Employees Association                       | June 30, 2013       |
| National Association of Government Employees                  | June 30, 2013       |

| NUMBER OF EMPLOYEES | Certified | Classified | Total |
|---------------------|-----------|------------|-------|
| FY 2007-08          | 2,561     | 1,771      | 4,332 |
| FY 2008-09          | 2,553     | 1,690      | 4,243 |
| FY 2009-10          | 2,397     | 1,680      | 4,077 |
| FY 2010-11          | 2,346     | 1,634      | 3,980 |
| FY 2011-12          | 2,248     | 1,515      | 3,763 |
| FY 2012-13          | 2,213     | 1,540      | 3,753 |

*Workforce was decreased by approximately 600 employees as a reaction to the decline in the District's ending fund balance.*



# Salaries & Benefits

| TEACHER SALARY SCHEDULE ANNUAL SALARY FY 2012-13                  | District Salaries | Statewide Average for High School Districts |
|---|-------------------|---|
| <b>Lowest Offered</b>   | \$37,716          | \$38,176                                    |
| <b>Bachelor of Arts Degree plus 60 Continuing Education Units</b> | \$62,795          | \$59,922                                    |
| <b>Highest Offered</b>  | \$84,642          | \$76,588                                    |
| <b>Weighted Average Paid without Benefits</b>                     | \$76,000          | \$59,481                                    |

| TEACHER BENEFIT SCHEDULE | District CAP Composer Rate |
|--------------------------|----------------------------|
| <b>Single Plan</b>       | \$0                        |
| <b>Two-Party Plan</b>    | \$0                        |
| <b>Family Plan</b>       | \$7,792                    |

| SUPPLEMENTAL SALARY SCHEDULE          | Per Employee |
|---------------------------------------|--------------|
| <b>Percent Change Over Prior Year</b> | 5.2%         |
| <b>Number of Service or Work Days</b> | 184          |
| <b>Number of Teaching Days</b>        | 180          |

Source: School Fiscal Services Division, J-90

# Other Post-Employment Benefits

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- The District provides post employment health care benefits to qualified eligible employees who retire from the District on or after attaining age 55 with at least 15 years of service to the District, and to their eligible dependents
- As of June 30, 2010, the District provides retiree health benefits to approximately 532 eligible retirees
- The District pays the medical premiums incurred by qualified retirees through age 65 and requires retirees to contribute to the cost of coverage based on the active employee contributions. Spouse and dependent coverage ceases upon death of the retiree. Expenditures for post-employment healthcare benefits are recognized as the premiums are paid
- During the years ended June 30, 2011 and June 30, 2012, expenditures of \$1,686,345 and \$2,413,172, respectively, were recognized for post-employment healthcare benefits\*
- The District has completed an actuarial study of its post-employment benefits dates July 1, 2010. Based on that study, the District's Annual Required Contribution, which under GASB 45 includes normal annual costs and an amortization of the District's unfunded actuarial accrued liability, is \$5,944,640
- The District is in the process of determining the impact the implementation of GASB 45 will have on the government-wide statement of net assets and activities

Source: 2010 Actuarial Study Received by District on September 16, 2011

\* Projected in the 2010 Actuarial Study

# Long-Term Direct & Overlapping Debt

2012-13 Assessed Valuation: \$34,652,485

| <b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b>               | <b>% Applicable<sup>(1)</sup></b> | <b>Debt 11/1/12</b>        |
|--|-----------------------------------|----------------------------|
| Metropolitan Water District  | 1.58                              | 3,101,480                  |
| Otay Municipal Water District, Improvement District No. 27           | 100.00                            | 6,235,000                  |
| San Diego Community College District                                 | 0.00                              | 27,991                     |
| Southwestern Community College District                              | 83.68                             | 197,378,585                |
| Sweetwater Union High School District                                | 100.00                            | 328,479,415 <sup>(1)</sup> |
| Chula Vista City School District                                     | 100.00                            | 66,405,000                 |
| San Ysidro School District   | 100.00                            | 126,152,611                |
| South Bay Union School District                                      | 100.00                            | 22,270,246                 |
| City of National City  | 100.00                            | 4,885,000                  |
| Sweetwater Union High School district Community Facilities District  | 100.00                            | 176,675,000                |
| Y/S School Facilities Financing Authority Chula Vista School Project | 100.00                            | 5,040,000                  |
| City of Chula Vista Community Facilities Districts                   | 100.00                            | 210,200,000                |
| City of Chula Vista 1915 Act Bonds                                   | 100.00                            | 22,945,015                 |
| Other Cities and Special District 1915 Act Bonds                     | 100.00                            | 8,804,278                  |
| <b>TOTAL DIRECT &amp; OVERLAPPING TAX AND ASSESSMENT DEBT</b>        |                                   | <b>\$1,178,599,621</b>     |

<sup>(1)</sup> Excludes the Notes.

Source: California Municipal Statistics, Inc.



# Long-Term Direct & Overlapping Debt (cont.)

| <b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>                               | <b>% Applicable</b> | <b>Debt 11/1/12</b>  |
|--|---------------------|----------------------|
| San Diego County General Fund Obligations                                      | 9.07                | \$37,351,999         |
| San Diego County Pension Obligations   | 9.07                | 68,363,448           |
| San Diego County Superintendent of Schools Certificates of Participation       | 9.07                | 1,687,782            |
| Otay Municipal Water District Certificates of Participation                    | 73.60               | 41,395,758           |
| Southwestern Community College District General Fund Obligations               | 83.68               | 1,041,766            |
| Sweetwater Union High School District Certificates of Participation            | 100.00              | 6,325,000            |
| Chula Vista City School District Certificates of Participation                 | 100.00              | 143,480,000          |
| San Ysidro School District Certificates of Participation                       | 100.00              | 42,932,385           |
| City of Chula Vista Certificates of Participation                              | 100.00              | 129,800,000          |
| City of National City Certificates of Participation                            | 100.00              | 2,715,000            |
| City of San Diego General Fund Obligations                                     | 3.91                | 21,461,795           |
| San Miguel Consolidated Fire Protection District Certificates of Participation | 0.26                | 15,047               |
| <b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                    |                     | <b>\$496,569,980</b> |
| Less: Otay Municipal Water District Certificates of Participation              |                     | 41,395,758           |
| <b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                      |                     | <b>\$455,174,222</b> |

Source: California Municipal Statistics, Inc.

# Long-Term Direct & Overlapping Debt (cont.)

| <b>OVERLAPPING TAX INCREMENT DEBT:</b>  |        |                                      |
|---|--------|--------------------------------------|
| Chula Vista Redevelopment Agency  | 100.00 | \$41,985,000                         |
| Imperial Beach Redevelopment Agency   | 100.00 | 40,050,000                           |
| National City Redevelopment Agency  | 100.00 | 67,160,000                           |
| San Diego Redevelopment Agency Housing Bonds  | 9.48   | 5,503,091                            |
| San Diego Redevelopment Agency San Ysidro Project Area  | 100.00 | 7,740,000                            |
| <b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>   |        | <b>\$162,438,091</b>                 |
| <b>GROSS COMBINED TOTAL DEBT</b>  |        | <b>\$1,837,607,692<sup>(1)</sup></b> |
| <b>NET COMBINED TOTAL DEBT</b>  |        | <b>\$1,796,211,934</b>               |
| <sup>(1)</sup> Excludes TRANs, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. |        |                                      |
| <b>Ratios to 2012-13 Assessed Valuation:</b>  |        |                                      |
| Direct Debt (\$328,479,415)   | 0.95%  |                                      |
| Total Direct Overlapping Tax and Assessment Debt  | 3.40%  |                                      |
| Combined Direct Debt (\$334,804,415)  | 0.97%  |                                      |
| Gross Combined Total Debt   | 5.30%  |                                      |
| Net Combined Total Debt   | 5.18%  |                                      |

Source: California Municipal Statistics, Inc.

# Summary of District's Outstanding Direct Debt

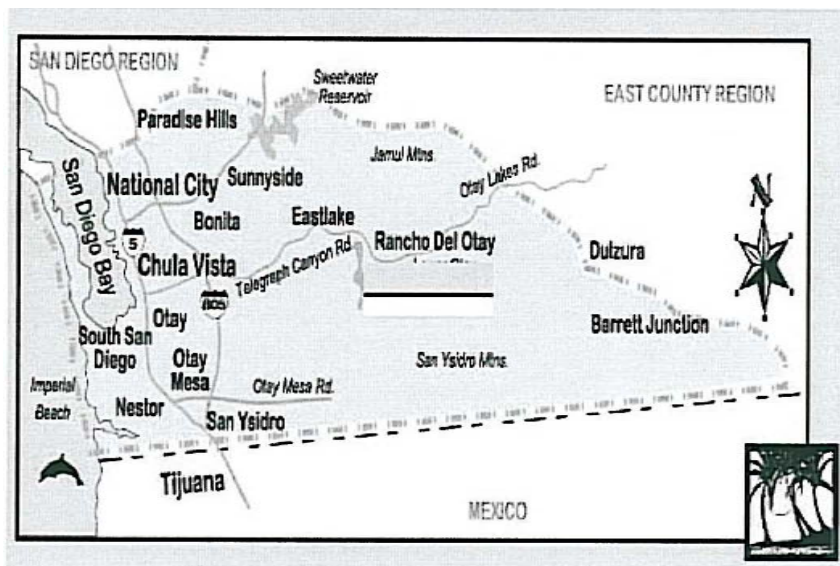
| LONG-TERM DIRECT OUTSTANDING DEBT    | FY 2009-10           | FY 2010-11           | % Change       | FY 2011-12           | Net Change     |
|--------------------------------------|----------------------|----------------------|----------------|----------------------|----------------|
| <b>General Obligation Bonds</b>      | \$360,813,482        | \$357,491,068        | <b>-0.92%</b>  | \$357,030,370        | <b>-0.13%</b>  |
| <b>Certificates of Participation</b> | 5,480,000            | 3,730,000            | <b>-31.93%</b> | \$1,905,000          | <b>-48.93%</b> |
| <b>Special Revenue Bonds*</b>        | 221,185,000          | 213,785,000          | <b>-3.35%</b>  | \$205,815,000        | <b>-3.73%</b>  |
| <b>Qualified Zone Academy Bonds</b>  | 5,000,000            | 4,710,000            | <b>-5.80%</b>  | \$4,420,000          | <b>-6.16%</b>  |
| <b>Capital Leases</b>                | 6,097,971            | 5,454,839            | <b>-10.55%</b> | \$3,253,730          | <b>-40.35%</b> |
| <b>Net OPEB Obligations</b>          | 14,848,241           | 19,127,906           | 28.82%         | \$22,488,858         | 17.57%         |
| <b>Early Retirement Incentive</b>    | 3,226,546            | 12,070,478           | 274.10%        | \$7,092,691          | <b>-41.24%</b> |
| <b>Compensated Absences</b>          | 7,382,016            | 6,125,301            | <b>-17.02%</b> | \$6,395,069          | 4.40%          |
| <b>TOTAL LONG-TERM DEBT</b>          | <b>\$624,033,256</b> | <b>\$622,494,592</b> | <b>-0.25%</b>  | <b>\$608,400,718</b> | <b>-2.26%</b>  |

*\*Includes \$33,650,000 in Variable Rate Demand Bonds*

# Economic Highlights



# Regional Overview – South San Diego County



*The Chula Vista Bayfront Master Plan is the result of joint planning efforts by a broad coalition of local and regional stakeholders, including the Port of San Diego, the City of Chula Vista and Pacifica Companies. The Plan is the last significant waterfront development opportunity in Southern California and was approved by the Coastal Commission August 9, 2012 (see page 34 for more details).*

- San Diego County is the southernmost major metropolitan area in the State of California, enjoying 70 miles of Pacific Ocean coastline, and a shared southern border with the country of Mexico.
- South County, also known as South Bay, is a region in southwestern San Diego County. It includes the communities of Bonita, Castle Park, Coronado, Chula Vista, Eastlake, Imperial Beach, National City, Nestor, Otay Mesa, Palm City, and San Ysidro.
- South County is conveniently located near two international airports, the Port of San Diego, railroads, highways, the international border and the major metropolitan areas of San Diego and Tijuana.
- As the gateway to trade Mexico and Latin America, South County has a business climate that is second to none.



# Regional Overview – South San Diego County (cont.)

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- South County's entire economy is collectively linked with the border. Increasing sales to shoppers from south of the border has propelled the region's retail growth over the past decade.
- Approximately 50 percent of business for Costco Wholesale, located on Broadway Street in Chula Vista, comes from residents of Tijuana, Mexico.
- Two of the 39 designated Enterprise Zones in California are located in South San Diego.
- The South County Economic Development Council offers many incentives and resources to businesses in the relocation process, such as tax incentives, site location assistance, loans and matching grants.
- Because of its affordable land, skilled labor force and business-friendly environment, South County has attracted many large companies such as Honeywell, Sanyo and Sony and is projected to become a hub for high-tech and biotech companies in the next decade.



# South County Population Trends

| Cities                   | 2000 Census | 2010 Census | % Growth | 2020 Projection | % Growth |
|--------------------------|-------------|-------------|----------|-----------------|----------|
| Chula Vista              | 173,556     | 243,916     | 40.54%   | 267,418         | 9.64%    |
| Imperial Beach           | 26,992      | 26,324      | -2.47%   | 28,233          | 7.25%    |
| National City            | 54,260      | 58,582      | 7.97%    | 62,058          | 5.93%    |
| San Diego                | 1,223,400   | 1,301,617   | 6.39%    | 1,542,324       | 18.49%   |
| Unincorporated SD County | 442,919     | 486,604     | 9.86%    | 545,409         | 12.08%   |
| South County Total       | 1,921,127   | 2,117,043   | 10.20%   | 2,445,442       | 15.51%   |

*According to SANDAG's regional growth forecast, the population and median income in the District will continue to steadily increase over the next two decades.*

*Source: SANDAG*

# South County Housing Trends

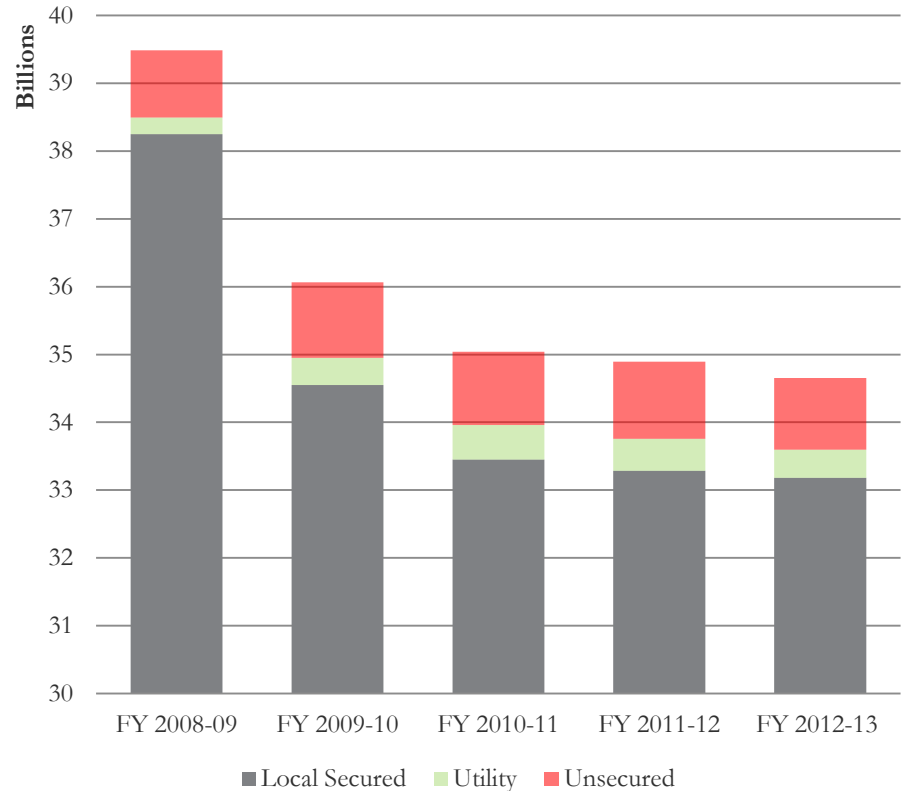
| Cities                   | Housing Units 2000 | Housing Units 2010 | % Growth | Housing Units 2020 Projection | % Growth |
|--------------------------|--------------------|--------------------|----------|-------------------------------|----------|
| Chula Vista              | 59,495             | 78,244             | 31.51%   | 94,608                        | 20.91%   |
| Imperial Beach           | 9,739              | 9,860              | 1.24%    | 9,866                         | 0.06%    |
| National City            | 15,422             | 15,787             | 2.37%    | 17,052                        | 8.01%    |
| San Diego                | 469,689            | 511,820            | 8.97%    | 577,416                       | 12.82%   |
| Unincorporated SD County | 152,947            | 169,142            | 10.59%   | 180,460                       | 6.69%    |
| South County Total       | 707,292            | 784,853            | 10.97%   | 879,402                       | 12.05%   |

*According to SANDAG's regional growth forecast, the number of new housing units in the District will continue to increase over the next two decades.*

*Source: SANDAG*

# History of Assessed Valuation

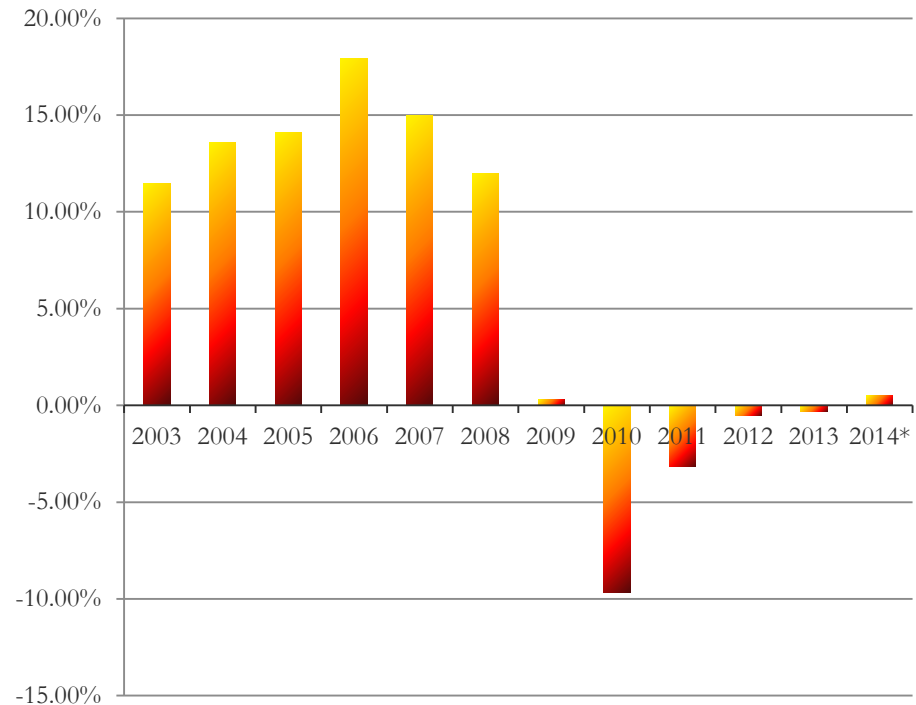
- During the recession, assessed value declined by 9.6% in FY 2009-10 and 3.18% in FY 2010-11, primarily due to property reassessments
- These declines came on the heels of years of strong growth in assessed value which still produced a gain of 71.18% over the past decade
- Proposition 8 reassessments were granted by the County during the recession and are expected to be restored to pre-recession levels over the next 4 to 6 years. This will depend upon how quickly the market rebounds in each jurisdiction.
- Delinquency rates have stabilized, however this does not directly affect the District since it is on the County's Teeter Plan.



Source: California Municipal Statistics, Inc.

# Assessed Valuation Percent of Growth

| Fiscal Year Ending | Assessed Valuation | Percent of Growth |
|--------------------|--------------------|-------------------|
| 2003               | 19,384,849,824     | 11.47%            |
| 2004               | 22,015,279,928     | 13.57%            |
| 2005               | 25,120,938,936     | 14.11%            |
| 2006               | 29,622,748,242     | 17.92%            |
| 2007               | 34,055,439,688     | 14.96%            |
| 2008               | 38,133,567,981     | 11.97%            |
| 2009               | 38,247,645,031     | 0.30%             |
| 2010               | 34,550,698,701     | -9.67%            |
| 2011               | 33,452,565,044     | -3.18%            |
| 2012               | 33,284,178,482     | -0.50%            |
| 2013               | 33,181,516,963     | -0.31%            |
| 2014*              | 33,347,424,548     | 0.50%             |



*The District's Assessed Valuation Growth over the last Ten Years has averaged 5.93% per year .*

Source: California Municipal Statistics, Inc.

\*Source of 2014 Projection: County Assessor's Office

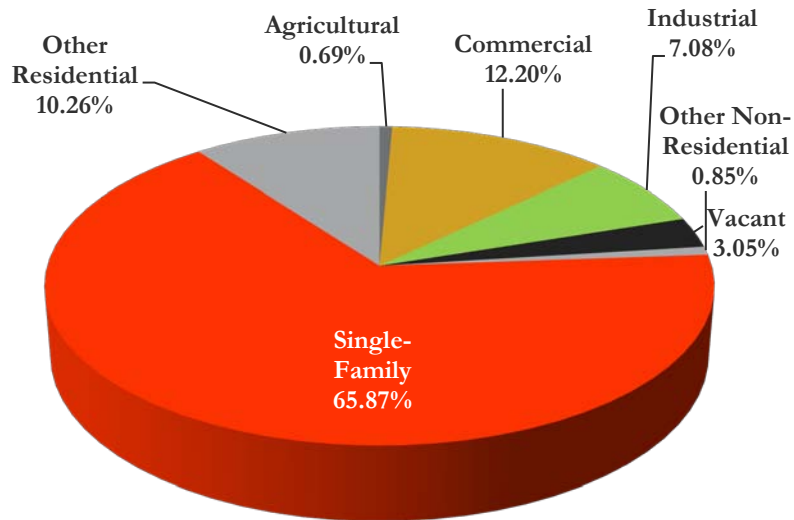
# Assessed Valuation by Jurisdiction

| Jurisdiction                    | Assessed Valuation in School District | % of School District | Assessed Valuation of Jurisdiction | % of Jurisdiction in School District |
|---------------------------------|---------------------------------------|----------------------|------------------------------------|--------------------------------------|
| City of Chula Vista             | \$20,942,796,908                      | 60.44%               | \$20,942,796,908                   | 100.00%                              |
| City of Imperial Beach          | 1,431,493,586                         | 4.13                 | 1,431,493,586                      | 100.00                               |
| City of National City           | 3,111,756,744                         | 8.98                 | 3,111,756,744                      | 100.00                               |
| City of San Diego               | 6,953,951,523                         | 20.07                | 177,852,823,103                    | 3.91                                 |
| Unincorporated San Diego County | 2,212,369,125                         | 6.38                 | 57,112,280,514                     | 3.87                                 |
| District Total                  | \$34,652,367,886                      | 100.00%              | \$260,451,150,855                  | 13.30%                               |

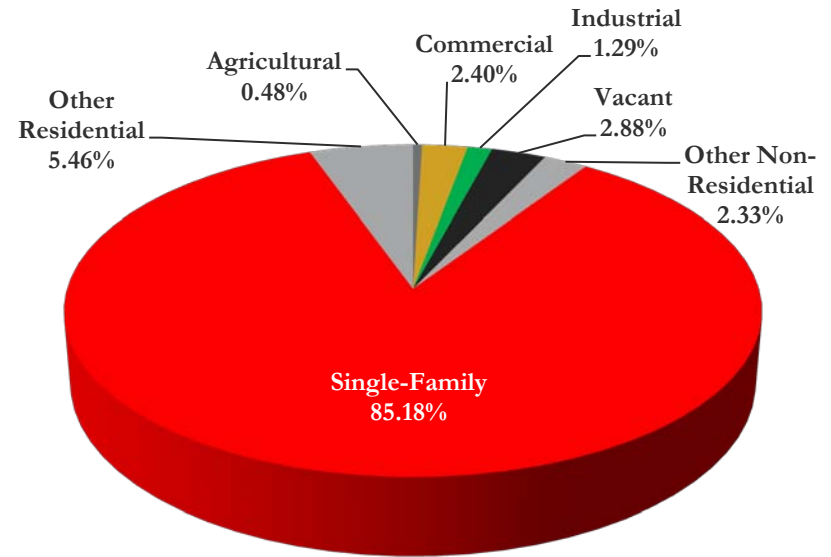
Percentages are before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics

# Assessed Valuation & Parcels by Land Use



2012-13 Land Use Distributed by Assessed Valuation



2012-13 Land Use Distributed by Number of Parcels

Source: California Municipal Statistics, Inc.

# 20 Largest Secured Taxpayers

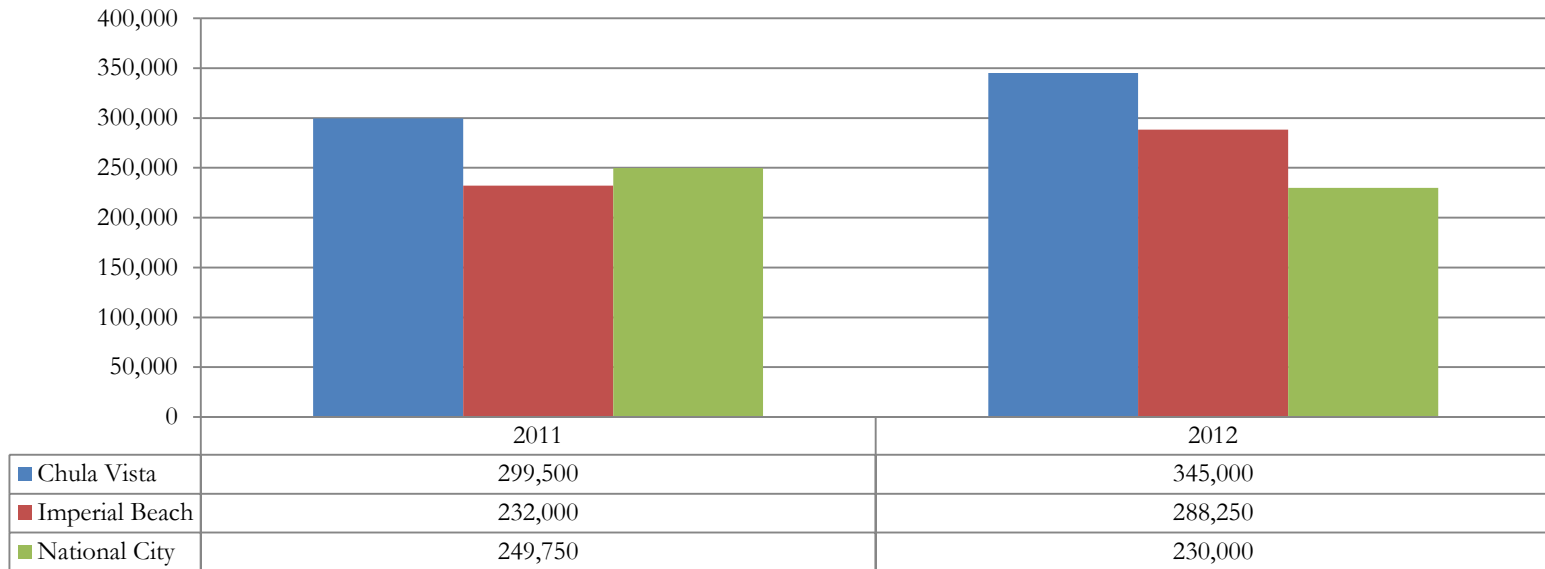
|     | Property Owner                        | Primary Land Use         | Assessed<br>Valuation  | % of<br>Total <sup>(1)</sup> |
|-----|---------------------------------------|--------------------------|------------------------|------------------------------|
| 1.  | Chelsea San Diego Finance LLC         | Shopping Center          | \$211,104,001          | 0.64%                        |
| 2.  | Rohr Inc.                             | Industrial               | 180,748,655            | 0.54                         |
| 3.  | Centermark Properties Inc.            | Shopping Center          | 131,896,976            | 0.4                          |
| 4.  | GGP-Otay Ranch LP                     | Shopping Center          | 118,496,741            | 0.36                         |
| 5.  | Otay Greenfield Developers LLC        | Apartments               | 111,862,939            | 0.34                         |
| 6.  | Plaza Bonita                          | Shopping Center          | 110,495,529            | 0.33                         |
| 7.  | Pasha Automotive Services             | Industrial               | 100,571,505            | 0.3                          |
| 8.  | Regulo Place Apartments Investors LLC | Apartments               | 92,893,489             | 0.28                         |
| 9.  | Costco Wholesale Corporation          | Commercial               | 88,098,220             | 0.27                         |
| 10. | Wal-Mart Real Estate Business Trust   | Commercial               | 82,827,755             | 0.25                         |
| 11. | Corrections Corp. of America          | Correctional Facility    | 78,085,600             | 0.24                         |
| 12. | Chula Vista Center LLC                | Shopping Center          | 74,126,926             | 0.22                         |
| 13. | Camden USA Inc.                       | Apartments               | 64,164,161             | 0.19                         |
| 14. | EQR-Missions at Sunbow LLC            | Apartments               | 58,842,674             | 0.18                         |
| 15. | PVHR LLC                              | Assisted Living Facility | 58,630,445             | 0.18                         |
| 16. | Casoleil LP                           | Apartments               | 57,000,000             | 0.17                         |
| 17. | Home Depot USA Inc.                   | Commercial               | 54,874,586             | 0.17                         |
| 18. | BRE Properties Inc.                   | Apartments               | 51,766,985             | 0.16                         |
| 19. | BRE-FMCA LLC                          | Apartments               | 50,490,696             | 0.15                         |
| 20. | SSBTLCREV LLC                         | Undeveloped              | 50,476,080             | 0.15                         |
|     |                                       |                          | <b>\$1,827,453,963</b> | <b>5.51%</b>                 |

(1) 2012-13 Local Secured Assessed Valuation: \$33.2 billion  
Source: California Municipal Statistics



# Median Home Sale Price

**Median Home Sale Price  
(New and Existing Homes)**

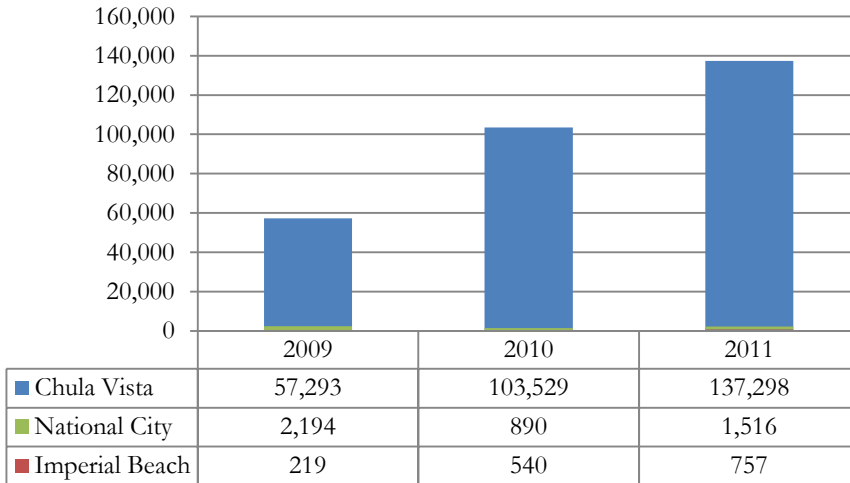


*Median Home Sales Prices have increased by an average of 10.50% over the past year in the District's three major jurisdictions.*

Source: DQNews.com

# Building Permits & Valuations

**New Residential Building Permits - Total Valuations  
(Dollars in Thousands)**



Source: US Census Bureau

*Residential Building Permits in 2012 will increase the City of Chula Vista's valuation total by over \$215 million. Over 55% of the District's students reside in Chula Vista.*

*Residential Building Permits increased by an average of 32.98% from 2010 to 2011 in the District's three major jurisdictions.*

**Commercial Building Permits - Valuations  
(Dollars in Thousands)**



Source: Construction Industry Research Board

# Recent and Upcoming Local Developments

## Millenia Project

- 400,000 sq. feet of retail, office, hotel and supermarket space.
- 3,000 residential units
- Ground breaking was in 2012
- Infrastructure and pad development to be completed in 2013 with construction commencing late 2013

## Gateway Chula Vista Project

- Office, Retail and Executive Suites located in the Chula Vista Central Business District
- Two Buildings already completed and occupied



*Millenia Project Site Map*



*Rendering of the Gateway Chula Vista Project upon completion*

# Recent and Upcoming Local Developments (cont.)

## Mello-Roos Community Facilities District (CFD) No. 18

- 575 of 2,983 building permits will be issued by FY 2016/17
- This would add over \$215 million of AV to the 2016/17 Tax Rolls



## Chula Vista Bayfront Project

- Over 40% of the Project Area is dedicated to parks, open space and habitat preservation.
- 130 acres set aside for public accessible parks
- Existing Marinas are being updated
- Development will provide approx. 2,200 permanent jobs and 7,000 construction jobs
- Over the next 20 years new construction will take place including:
  - 1,500 town homes and condominiums
  - Hotel and Conference Center
  - 236 Recreation Vehicle Spaces
- The project is designed to be economically sustainable and is projected to generate \$1.3 billion during its first 20 years.

*A view of part of the Chula Vista Bayfront Master Plan Area. The project covers 556 acres of waterfront in the City of Chula Vista.*

# Facilities Plan & Plan of Finance



# Overview of District Facilities

| Site                                       | CURRENT FUNDING       |                      |                      |                         | BUDGET                |                        |                                   |                       | ACTUAL COSTS                     |                      |
|--|-----------------------|----------------------|----------------------|-------------------------|-----------------------|------------------------|-----------------------------------|-----------------------|----------------------------------|----------------------|
|  | Prop O Bond Funding   | State Funding [1]    | Other Funding [2]    | Total Available Funding | Original Budget [3]   | Approved Revisions [4] | Proposed Revisions This Month [5] | Revised Budget        | Total Expenditures thru 11/30/12 | Remainder            |
| <b>FIRST ROUND</b>                         |                       |                      |                      |                         |                       |                        |                                   |                       |                                  |                      |
| Chula Vista HS - Proj 1                    | \$ 24,519,408         | \$ 8,789,813         |                      | \$ 33,309,221           | \$ 27,519,408         | \$ 1,445,844           |                                   | \$ 28,965,252         | \$ 28,934,422                    | \$ 30,830            |
| Chula Vista MS - Proj 1                    | \$ 8,649,707          | \$ 850,731           | \$ 2,242,398 BB      | \$ 11,742,836           | \$ 10,892,105         | \$ 1,343,581           | \$ (784,553) [5.4]                | \$ 11,451,133         | \$ 11,522,085                    | \$ (70,952)          |
| Hilltop HS - Proj 1                        | \$ 19,741,358         | \$ 11,382,634        |                      | \$ 31,123,992           | \$ 19,741,358         | \$ 4,471,466           | \$ (309,330) [5.4]                | \$ 23,903,494         | \$ 23,607,033                    | \$ 296,461           |
| Montgomery HS - Proj 1                     | \$ 20,913,971         | \$ 1,258,674         |                      | \$ 22,172,645           | \$ 20,913,971         | \$ 4,793,299           |                                   | \$ 25,707,270         | \$ 25,532,546                    | \$ 174,724           |
| Mar Vista HS - Proj 1                      | \$ 10,417,900         | \$ 2,835,832         |                      | \$ 13,253,732           | \$ 10,417,900         | \$ (431,075)           |                                   | \$ 9,986,825          | \$ 9,502,734                     | \$ 484,091           |
| National City MS - Proj 1                  | \$ 16,191,703         | \$ 1,588,448         |                      | \$ 17,780,151           | \$ 16,191,703         | \$ (2,667,880)         |                                   | \$ 13,523,823         | \$ 12,977,571                    | \$ 546,252           |
| National City MS - Proj 2                  | \$ 15,273,601         | \$ -                 | \$ 14,259,729 BAN    | \$ 29,533,330           | \$ 15,273,601         | \$ (12,790,307)        | \$ 12,759,729 [5.1]               | \$ 15,243,023         | \$ 974,576                       | \$ 14,268,447        |
| Southwest HS - Proj 1                      | \$ 24,467,998         | \$ 8,013,531         |                      | \$ 32,481,529           | \$ 24,467,998         | \$ (6,624,249)         |                                   | \$ 17,843,749         | \$ 16,379,170                    | \$ 1,464,579         |
| Southwest MS - Proj 1                      | \$ 14,738,042         | \$ 1,548,791         | \$ 412,000 QEIA      | \$ 16,698,833           | \$ 14,738,042         | \$ 5,437,518           | \$ 412,000 [5.2]                  | \$ 20,587,560         | \$ 14,680,274                    | \$ 5,907,286         |
| Sweetwater HS - Proj 1                     | \$ 25,086,312         | \$ 25,391,414        | \$ 12,000,000 BB     | \$ 62,477,726           | \$ 38,522,133         | \$ 13,493,047          | \$ (3,785,036) [5.4]              | \$ 48,230,144         | \$ 48,917,620                    | \$ (687,476)         |
| <b>SIGNIFICANT ADDED PROJECTS</b>          |                       |                      |                      |                         |                       |                        |                                   |                       |                                  |                      |
| Bonita Vista HS - HVAC upgrade             |                       |                      | \$ 500,000 CFD       | \$ 500,000              |                       |                        | \$ 2,000,000 [5.3]                | \$ 2,000,000          | \$ 39,175                        | \$ 1,960,825         |
| Castle Park HS - Title IX Improvements     |                       |                      |                      | \$ -                    | \$ 1,200,000          | \$ 100,000             |                                   | \$ 1,300,000          | \$ 59,605                        | \$ 1,240,395         |
| Chula Vista HS - ORG Relo Removal          |                       |                      |                      | \$ -                    | \$ 1,100,000          | \$ 702,351             |                                   | \$ 1,802,351          | \$ 39,175                        | \$ 1,763,176         |
| Mar Vista HS - Proj 2                      |                       |                      |                      | \$ -                    | \$ 1,800,000          |                        |                                   | \$ 1,800,000          | \$ -                             | \$ 1,800,000         |
| Montgomery HS - Proj 2                     |                       |                      | \$ 22,935,229 BAN    | \$ 22,935,229           | \$ 2,000,000          |                        | \$ 20,935,229 [5.1]               | \$ 22,935,229         | \$ -                             | \$ 22,935,229        |
| Montgomery MS - Proj 1                     |                       |                      |                      | \$ -                    | \$ 29,619,657         | \$ (3,100,621)         |                                   | \$ 26,519,036         | \$ 11,751,505                    | \$ 14,767,531        |
| Sweetwater HS Synthetic Track and Field    |                       |                      | \$ 1,100,000 [2.1]   | \$ 1,100,000            | \$ 2,200,000          | \$ 919,492             | \$ -                              | \$ 3,119,492          | \$ 74,169                        | \$ 3,045,323         |
| SMALL and ADDED PROJECTS - See page 2      | \$ -                  | \$ -                 | \$ -                 | \$ -                    | \$ 4,072,351          | \$ 396,000             | \$ - [5.5]                        | \$ 4,468,351          | \$ 260,036                       | \$ 4,208,315         |
| COMPLETED PROJECTS - See page 2            | \$ -                  | \$ -                 | \$ 768,288           | \$ 768,288              | \$ 820,565            | \$ (191,037)           | \$ (1,541) [5.4]                  | \$ 627,987            | \$ 627,987                       | \$ -                 |
| <b>MISCELLANEOUS</b>                       |                       |                      |                      |                         |                       |                        |                                   |                       |                                  |                      |
| BAN Repayment                              |                       |                      |                      | \$ -                    | \$ -                  |                        | \$ 3,500,000 [5.6]                | \$ 3,500,000          | \$ -                             | \$ 3,500,000         |
| iPad Initiative                            |                       |                      |                      | \$ -                    | \$ 1,800,000          | \$ 3,600,000           |                                   | \$ 5,400,000 [6]      | \$ 1,800,000                     | \$ 3,600,000         |
| Long Range Facilities Master Plan - Update |                       |                      |                      | \$ -                    | \$ 300,000            |                        |                                   | \$ 300,000            | \$ -                             | \$ 300,000           |
| Planning & Operations                      |                       |                      |                      | \$ -                    | \$ 4,208,519          | \$ 2,500,000           |                                   | \$ 6,708,519          | \$ 4,097,469                     | \$ 2,611,050         |
| Program Contingency                        |                       |                      |                      | \$ -                    | \$ 3,000,000          | \$ (246,000)           | \$ 4,480,460 [5.4]                | \$ 7,234,460          | \$ 7,234,460                     | \$ -                 |
| Interest                                   |                       |                      | \$ 7,280,186         | \$ 7,280,186            | \$ 7,280,186          | \$ (7,280,186)         |                                   | \$ -                  | \$ -                             | \$ -                 |
| <b>TOTALS</b>                              | <b>\$ 180,000,000</b> | <b>\$ 61,659,868</b> | <b>\$ 61,497,830</b> | <b>\$ 303,157,698</b>   | <b>\$ 258,079,497</b> | <b>\$ 5,871,243</b>    | <b>\$ 39,206,958</b>              | <b>\$ 303,157,698</b> | <b>\$ 211,777,152</b>            | <b>\$ 91,380,546</b> |

## NOTES:

- [1] State funding includes \$4,435,821 in Career Technical Education Grants that were accounted for in Fund 35.
- [2] Other Funding: BB=Prop BB, BAN=Estimated Bond Anticipation Notes, QEIA=Quality Education Investment Act, CFD=Mello-Roos CFD, and [2.1]= funding from National City, San Diego Chargers and The Community Sports Development Council.
- [3] Original Budget is the budget established at the beginning of the project, the final Lease/Leaseback guaranteed maximum price for MOM, and interest earned.
- [4] Budget revisions approved by the Board.
- [5] Proposed Budget Revisions: [5.1]=Bond Anticipation Note (BANs) proceeds, [5.2]=QEIA funding approved by site, [5.3]=Project savings (75%) and CFD funding (25%), [5.4]=Reallocation of Project Savings, and [5.5] recognition of SUH Track & Field Funding results in moving \$1.1M to Contingency, and [5.5]=Moving BAN repayment from NCM and MOH projects to a new line item.

# Overview of District Facilities (cont.)

| Site                                  | CURRENT FUNDING     |                   |                   |                         | BUDGET              |                        |                                   |                | ACTUAL COSTS                     |              |
|---------------------------------------|---------------------|-------------------|-------------------|-------------------------|---------------------|------------------------|-----------------------------------|----------------|----------------------------------|--------------|
|                                       | Prop O Bond Funding | State Funding [1] | Other Funding [2] | Total Available Funding | Original Budget [3] | Approved Revisions [4] | Proposed Revisions This Month [5] | Revised Budget | Total Expenditures thru 11/30/12 | Remainder    |
| <b>SMALL and ADDED PROJECTS</b>       |                     |                   |                   |                         |                     |                        |                                   |                |                                  |              |
| Fire Alarm Upgrades at Various Sites  |                     |                   |                   | \$ -                    | \$ 2,662,351        |                        |                                   | \$ 2,662,351   | \$ -                             | \$ 2,662,351 |
| Granger Jr HS Clinic 2                |                     |                   |                   | \$ -                    | \$ 160,000          |                        |                                   | \$ 160,000     | \$ -                             | \$ 160,000   |
| MAAC Charter School                   |                     |                   |                   | \$ -                    | \$ 250,000          |                        |                                   | \$ 250,000 [6] | \$ 60,373                        | \$ 189,627   |
| Montgomery HS Gym Structural Upgrades |                     |                   |                   | \$ -                    | \$ 200,000          |                        |                                   | \$ 200,000     | \$ -                             | \$ 200,000   |
| Mar Vista HS Title IX                 |                     |                   |                   | \$ -                    | \$ 200,000          | \$ 396,000             |                                   | \$ 596,000     | \$ 62,189                        | \$ 533,811   |
| Palomar HS Science                    |                     |                   |                   | \$ -                    | \$ 100,000          |                        |                                   | \$ 100,000     | \$ -                             | \$ 100,000   |
| Power Purchase Agreement              |                     |                   |                   | \$ -                    | \$ 500,000          |                        |                                   | \$ 500,000     | \$ 137,474                       | \$ 362,526   |
| <b>TOTALS</b>                         | \$ -                | \$ -              | \$ -              | \$ -                    | \$ 4,072,351        | \$ 396,000             | \$ -                              | \$ 4,468,351   | \$ 260,036                       | \$ 4,208,315 |
| <b>COMPLETED PROJECTS</b>             |                     |                   |                   |                         |                     |                        |                                   |                |                                  |              |
| Bonita Vista HS Bleachers             |                     |                   | \$ 451,291 BB     | \$ 451,291              | \$ 451,291          | \$ (142,169)           |                                   | \$ 309,122     | \$ 309,122                       | \$ -         |
| Granger Jr HS Health Clinic           |                     |                   | \$ 316,997 BB     | \$ 316,997              | \$ 316,997          | \$ (48,868)            |                                   | \$ 268,129     | \$ 268,129                       | \$ -         |
| Smartboards-CPH & MVM                 |                     |                   |                   | \$ 28,577               | \$ 28,577           |                        | \$ (1,541) [5.4]                  | \$ 27,036 [6]  | \$ 27,036                        | \$ -         |
| Hilltop MS Science Design             |                     |                   |                   | \$ 23,700               | \$ 23,700           |                        |                                   | \$ 23,700 [6]  | \$ 23,700                        | \$ -         |
| <b>TOTALS</b>                         | \$ -                | \$ -              | \$ 768,288        | \$ 768,288              | \$ 820,565          | \$ (191,037)           | \$ (1,541)                        | \$ 627,987     | \$ 627,987                       | \$ -         |

## NOTES:

[2] Other Funding: BB=Prop BB, BAN=Estimated Bond Anticipation Notes, QEIA=Quality Education Investment Act, CFD=Mello-Roos CFD,

[5] Proposed Budget Revisions: [5.1]=Bond Anticipation Note (BANs) proceeds, [5.2]=QEIA funding approved by site, [5.3]=Project savings (75%) and CFD funding (25%), [5.4]=Reallocation of Project Savings, ar [5.5] recognition of SUH Track & Field Funding results in moving \$1.1M to Contingency, and [5.5]=Moving BAN repayment from NCM and MOH projects to a new line item.

[6] Project Budget and Funding is from Interest.

# Projects to be Financed with BAN Proceeds

## Montgomery High School Project

- Purpose: To Construct a New Gymnasium, Classrooms and Office Building. Includes:
  - Two regulation sized basketball and/or volleyball courts
  - Baseball/softball/golf hitting area
  - 450 seat Auditorium
  - 4,200 Seat Gymnasium
- Estimated Cost: \$23 million
- Timing: Construction will begin in March 2013. Occupancy of Facilities scheduled for January/February 2014 and all site and modifications will be completed by April 2014.



*Renderings of the Future Montgomery High School Gymnasium*



# Projects to be Financed with BAN Proceeds

---

## **National City Middle School Project, Prop O Project 2**

- Purpose: To Construct a Two-Story Classroom Building with 13 Classrooms, 1 Assembly and Restroom Facilities
- Estimated Cost: \$15 million
- Timing: Construction Period – May 2013 to December 2014
- Square Footage: Building – 18,880 sq. ft., Covered – 1,706 sq. ft.



*Rendering of the Future National City Middle School Classroom Building*

# Plan of Finance for Election of 2006 Bond Issues

- Election of 2006 (Proposition O)
  - Approved on November 7, 2006
  - \$644 million authorized
  
- \$180 million Series A Bonds of Proposition O
  - Issued on March 12, 2008
  - Mature on August 1, 2047
  - 2012/13 Tax Rate of \$28.91 per \$100,000 of Assessed Valuation
  
- \$37.4 million\* 2013 Bond Anticipation Notes
  - To be issued in February 2013
  - Mature in 5 years
  - Negotiated method of sale
  
- \$50-100 million Series B Bond Issue of Proposition O
  - To be issued in 3 to 5 years
  - Will take-out the 2013 BANs



*\*Preliminary, Subject to Change*

# 2013 Bond Anticipation Notes



# 2013 BAN Terms and Conditions

---

- Anticipated par amount of \$36.73 million\*
- BANs Mature in five years
- Interest-only payments with Principal paid from the sale of General Obligation Bonds
- BANs callable anytime after 3 years\*
- Negotiated method of sale: Mitsubishi UFJ Securities, Sole Senior Manager



*\*Preliminary, Subject to Change*

# 2013 BAN Sources and Uses

| SOURCES OF FUNDS*    | Montgomery High School Project | National City Middle School Project | BAN Issue Summary      |
|----------------------|--------------------------------|-------------------------------------|------------------------|
| Par Amount of Bonds  | \$22,650,000.00                | \$14,080,000.00                     | \$36,730,000.00        |
| Reoffering Premium   | 476,103.00                     | 295,961.60                          | 772,064.60             |
| <b>TOTAL SOURCES</b> | <b>\$23,126,103.00</b>         | <b>\$14,375,961.60</b>              | <b>\$37,502,064.60</b> |

| USES OF FUNDS*                  |                        |                        |                        |
|---------------------------------|------------------------|------------------------|------------------------|
| Underwriter's Discount (0.250%) | 56,625.00              | 35,200.00              | 91,825.00              |
| Costs of Issuance               | 123,332.43             | 76,667.57              | 200,000.00             |
| Deposit to Construction Funds   | 22,945,145.57          | 14,264,094.03          | 37,210,239.60          |
| <b>TOTAL USES</b>               | <b>\$23,126,103.00</b> | <b>\$14,375,961.60</b> | <b>\$37,502,064.60</b> |

*\*Preliminary, Subject to Change*

# Key Dates

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| Week of                   | Action                                       |
|---------------------------|--|
| February 1 <sup>st</sup>  | Rating Agency Presentations                  |
| February 8 <sup>th</sup>  | Receive Bond Ratings                         |
| February 11 <sup>th</sup> | Mail and Post Preliminary Official Statement |
| February 19 <sup>th</sup> | Negotiated sale of BANs                      |
| w/o March 5 <sup>th</sup> | Close and Deliver Bond Proceeds              |

# Closing Remarks

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- The District's large and diverse Tax Base is recovering
- The District is committed to strategic, long-term planning
- The District has a history of strong Fund balances and healthy financial Reserves
- The District has proven a willingness to take the necessary actions during economic crises to:
  - Maintain a Balanced Budget
  - Institute Position Reductions, Furlough Days and/or Program Reductions, if necessary
- The District's Existing and New Mello-Roos CFDs provide:
  - Additional Funding Sources for Capital Improvements and Equipment Needs
  - Additional Special Taxing Resources to help cover Future Cash Deferral Policies
- The District gained last year (2012/13):
  - Because Proposition 30 passed so additional funding losses were avoided
  - Because Sacramento demonstrated a renewed commitment to future funding increases for K-12 education
- The District should gain even more this year:
  - If the Governor's Proposed New Realignment Budget passes (Local Control Funding Formula)
  - With the State Legislative Analyst's and Governor's positive forecast for future Proposition 98 growth for K-14 education