

Internal Revenue Service

Sweetwater Union High School District
Attn: Edward M. Brand, Superintendent
1130 5th Avenue
Chula Vista, CA 91911

Department of the Treasury

COMPTROLLER'S
OFFICE

Date:

December 23, 2013

Contact Person:

Edna L. Diaz

Employee ID Number:

1000621713

Contact Telephone Number:

(619) 744-7158

Contact Address:

Internal Revenue Service

SE:T:GE:TEB:F:7226

701 B Street, Suite 902

San Diego, CA 92101

Employer Identification Number:

95-6003082

JAN 06 2014

C: K. Michel

Re: Examination of General Obligation Bonds, Election of 2006, Series 2008A, \$180,000,000 issued March 27, 2008

Dear Sir or Madam:

We have recently completed our examination of the bond issue(s) named above (the "Bonds"). As a result, we have made a determination to close the examination with no change to the position that interest received by the beneficial owners of the Bonds is excludable from gross income under section 103 of the Internal Revenue Code.

Be advised that although we are closing this examination with no change to the position that interest received by the beneficial owners of the Bonds is excludable from gross income under section 103 of the Internal Revenue Code ("Code"), the examination has resulted in the determination that the Issuer of the Bonds was not in compliance the following sections of the Code and Income Tax Regulations ("Regulations" or "ITR"):

During the examination, it was determined that your accounting method for gross proceeds in the commingled general fund was not reasonable as the requirements of ITR section 148-6(e)(2) through (6) were not met. Additionally, it was determined that you did not allocate bond proceeds consistent with the requirements of ITR Section 1.148-6(d). Although, the rebate calculations prepared during the examination showed there was no rebate liability or yield reduction payment due, in the future please ensure that your allocations are done timely.

It was also determined that adequate record retention policies or complete written procedures were not in place to monitor and verify post-issuance compliance of the federal laws applicable to the Bonds. Various provisions of the Code, including, but not limited to, sections 103, 141-150, and 6001, impose record requirements on issuers and other parties to tax-exempt bond transaction in order to substantiate compliance with section 103 of the Code and related provisions.

Noncompliance, including future noncompliance, could result in penalties and/or the taxability of interest received by the beneficial owners of the Bonds. If the need arises to open another examination on the Bonds, any change resulting from the future examination may affect all open years of the beneficial owners of the Bonds.

If you have any questions concerning this matter, please contact the person whose name and phone number are shown above.

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Allyson D. Belsome". The signature is written in a cursive style with a distinct loop at the end of the last name.

Allyson D. Belsome
Manager, Tax Exempt Bonds
Field Operations