CALIFORNIA'S COALITION *for* ADEQUATE SCHOOL HOUSING℠

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C.A.S.H. WORKSHOP
"Using Local Funds to Sustain Facility Staff, Projects, and Programs"

Friday, April 25, 2008
9:00 a.m. to 2:30 p.m.
Ontario Airport Marriott
2200 East Holt Boulevard
Ontario, California

SCHOOL DISTRICT DEBT INSTRUMENTS

JIM ROTH
UBS Investment Bank

Handout materials are available online after the workshop. To download the materials, visit *www.cashnet.org/meetings* and click on the link labeled "Workshop and Conference Handouts."

C.A.S.H. Workshop

Structuring Considerations for G.O. Bond Elections
April 25, 2008

UBS Investment Bank

General Structuring Objectives for G.O. Bonds

- The Most Frequent Bond Structuring Objectives:
  - Maximize Bond Size (for a given tax rate)
  - Minimize Tax Rate (for a given bond size)
- Are There Ways to Provide Relief to the General Fund?
  - Allow for refinancing of outstanding debt
    - Removes debt service obligation
    - Releases debt service reserve funds
  - Expand project list to include fixtures, furnishings, and equipment

Size of G.O. Bond Measure Depends on at Least Three Factors

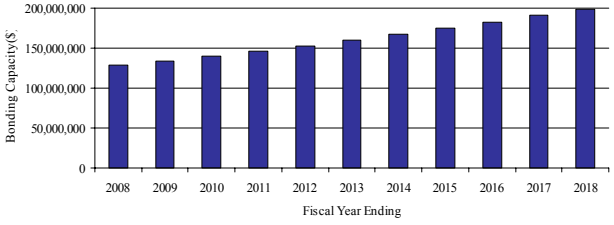
- Timing and Amount of Funding Needs
- Political Factors, Including Strength of Voter Support
- Legal Limitations on Bond Size
  - General Debt Limit (Maximum Outstanding Bond Debt)
    - 1.25% of Assessed Valuation for Elementary or High School Districts
    - 2.50% of Assessed Valuation for Unified School Districts
    - 2.50% of Assessed Valuation and Community College Districts
  - Prop. 39 Tax Rate Limit (per election)
    - $30 per $100,000 of Assessed Valuation for Elementary or High School Districts
    - $60 per $100,000 of Assessed Valuation for Unified School Districts
    - $25 per $100,000 of Assessed Valuation for Community College Districts

Statutory Bonding Capacity

California Unified School District

FY Ending	Assessed Valuation	Assumed % of AV Growth	Bonding Capacity
2008	5,135,224,883	-	128,380,622
2009	5,366,310,003	4.50%	134,157,750
2010	5,607,793,953	4.50%	140,194,849
2011	5,860,144,681	4.50%	146,503,617
2012	6,123,851,191	4.50%	153,096,280
2013	6,399,424,495	4.50%	159,985,612
2014	6,687,398,597	4.50%	167,184,965
2015	6,988,331,534	4.50%	174,708,288
2016	7,302,806,453	4.50%	182,570,161
2017	7,631,432,744	4.50%	190,785,819
2018	7,974,847,217	4.50%	199,371,180

Projected Bonding Capacity



Prop. 39 Authorization is a Function of Several Variables

Tax Rate = Annual Debt Service / Assessed Valuation

Therefore, bonding capacity at a given tax rate is a function of the following variables:

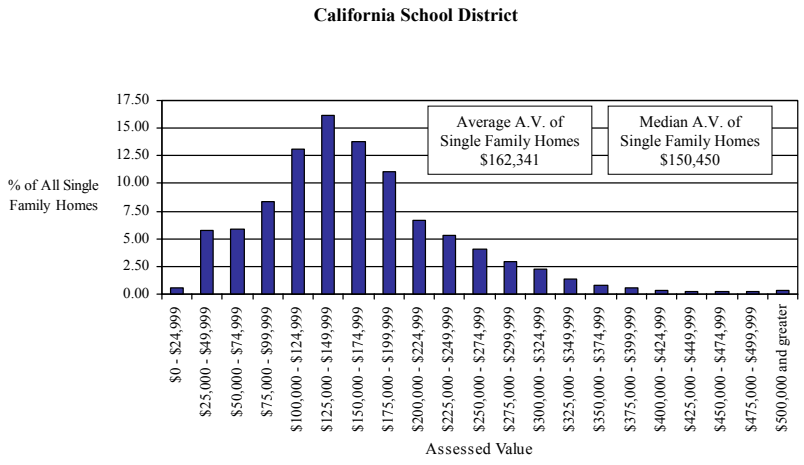
- Beginning Assessed Valuation of Taxable Property
- Assumed Growth Rate of Assessed Valuation
- Number of Years Tax to be Levied
- Assumed Interest Rates on Bonds
- Timing and Amount of Individual Bond Sales
- Shape of Debt Service Profile

History of Assessed Valuation

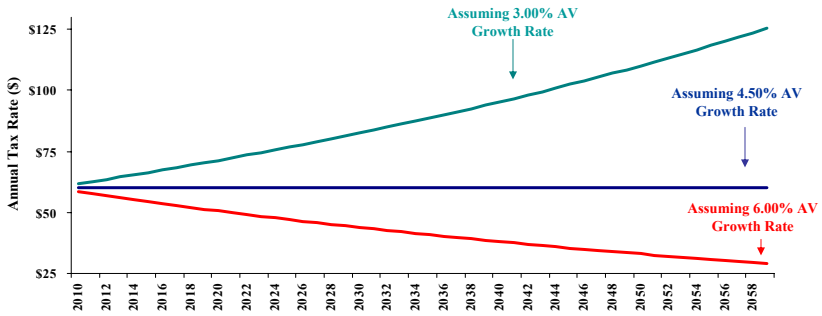
California Unified School District

FY Ending	Assessed Valuation	% of Growth
1993	2,518,663,436	-
1994	2,759,756,603	9.57%
1995	2,989,531,254	8.33%
1996	3,143,881,177	5.16%
1997	3,066,120,015	-2.47%
1998	3,057,097,521	-0.29%
1999	3,015,966,331	-1.35%
2000	3,028,731,904	0.42%
2001	2,935,205,097	-3.09%
2002	3,019,497,293	2.87%
2003	3,209,090,488	6.28%
2004	3,496,031,614	8.94%
2005	3,725,912,959	6.58%
2006	4,022,355,616	7.96%
2007	4,497,688,285	11.82%
2008	5,135,224,883	14.17%
	Average Growth Rate	4.99%

Distribution of Single Family Home Assessed Valuations



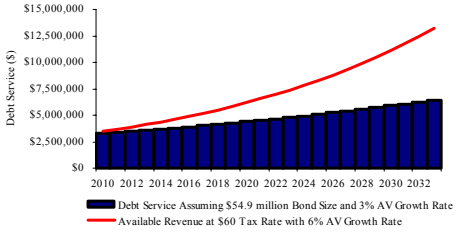
Impact of AV Growth Rate on Tax Rates

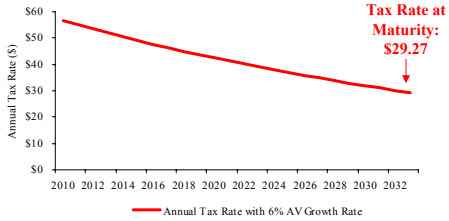


	Year 1	Year 5	Year 10	Year 25	Year 50
Tax Rate if AV Grows at Assumed Rate (e.g., 4.50%)	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Tax Rate if AV Grows Slower Than Assumed Rate (e.g., 3.00%)	$ 61.76	$ 65.44	$ 70.34	$ 87.38	$ 125.42
Tax Rate if AV Grows Faster Than Assumed Rate (e.g., 6.00%)	$ 58.31	$ 55.08	$ 51.29	$ 41.42	$ 29.01

Impact of Conservative and Aggressive Planning

Conservative Planning

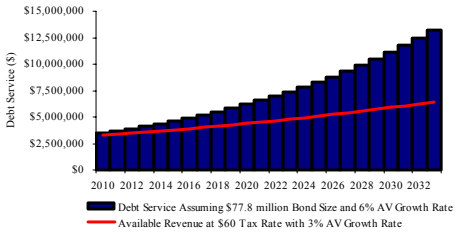


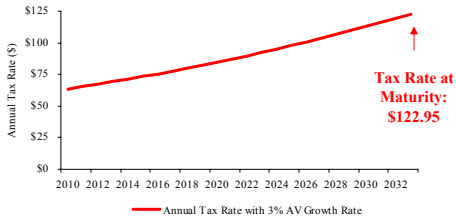


Total Unutilized Revenues: $77.5 Million

Total Unutilized Authorization: $22.9 Million

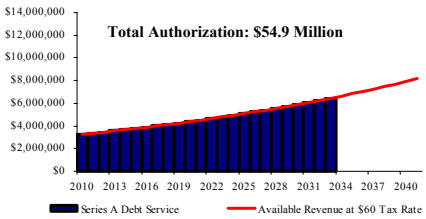
Aggressive Planning



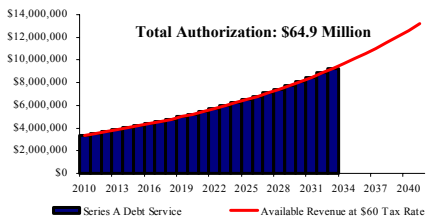


Sample Bond Scenarios at $60 Tax Rate

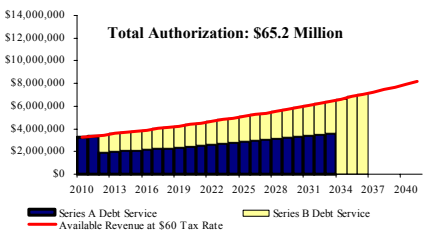
Single Series: Assuming 3.00% A.V. Growth Rate



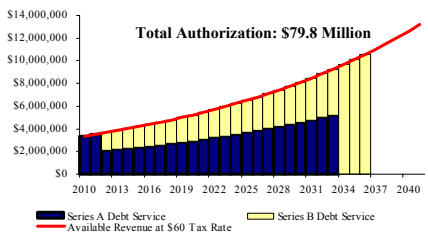
Single Series: Assuming 4.50% A.V. Growth Rate



Two Series: Assuming 3.00% A.V. Growth Rate

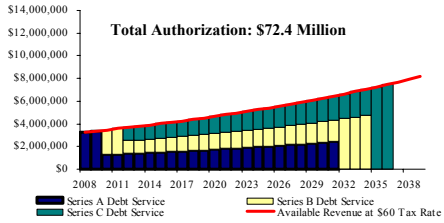


Two Series: Assuming 4.50% A.V. Growth Rate

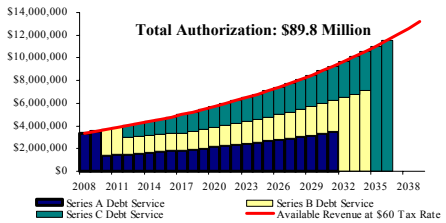


Sample Bond Scenarios at $60 Tax Rate

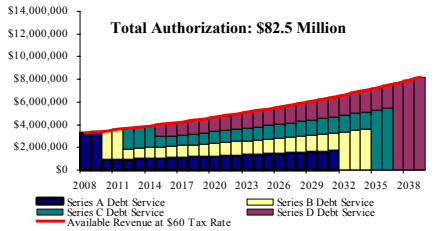
Three Series: Assuming 3.00% A.V. Growth Rate



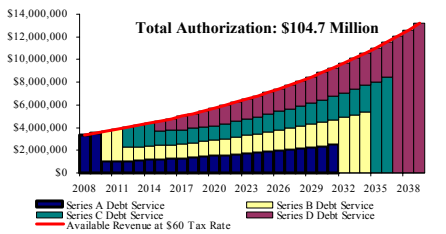
Three Series: Assuming 4.50% A.V. Growth Rate



Four Series: Assuming 3.00% A.V. Growth Rate



Four Series: Assuming 4.50% A.V. Growth Rate



Sample Bond Scenarios at $60 Tax Rate

Description of Scenario	Proposition 39 Bonding Capacity Assuming 3.00% AV Growth Rate	Proposition 39 Bonding Capacity Assuming 4.50% AV Growth Rate
Single Series: Series A (25 Years) - Level Tax Rate	$ 54,872,446	$ 64,976,825
Two Series: Series A & B (25 Years Each) - Level Tax Rate	$ 65,200,036	$ 79,829,271
Three Series: Series A, B & C (25 Years Each) - Level Tax Rate	$ 72,381,169	$ 89,842,580
Four Series: Series A, B, C & D (25 Years Each) - Level Tax Rate	$ 82,551,826	$ 104,749,879

Key Assumptions	
Assessed Valuation for Year Ending June 30, 2008	$5,135,224,883
Issue Date of Series A	02/01/09
Issue Date of Series B	08/01/11
Issue Date of Series C	08/01/13
Issue Date of Series D	08/01/16
Interest Rate on Current Interest Bonds	5.25%
Interest Rate on Capital Appreciation Bonds	6.00%