



Lyn Gruber
C.A.S.H. Board of Directors,
Koppel & Gruber Public Finance



David Walrath
C.A.S.H. Legislative Advocate,
Murdoch, Walrath & Holmes



Jeff Baratta
Managing Director,
Piper Jaffray & Co.

The School Facility Program (SFP) Outlook

State Match and Local Funding Issues for 2010

Monday, November 9, 2009

2:00 p.m. – 3:15 p.m.



The background is a deep blue gradient with abstract, glowing white and light blue lines and shapes. A dark silhouette of a person stands in the center, holding a glowing white object. The overall aesthetic is futuristic and high-tech.

Status of the School Facility Program State Match Probability

*by
David Walrath
and Patti Herrera*

State GO Bond Sales

2009-2010 Budget GO Sale Allowance	\$15 billion	
General Obligation Bonds	\$4.1 billion	October 8, 2009
General Obligation Bonds	\$0.9 billion	November 3, 2009
General Obligation Bonds	\$1.3 billion	November 4, 2009
California Statewide Communities Development Authority (CSCDA)	\$1.5 billion	November 10, 2009
Public Works Board	\$1.3 billion	November 16, 2009
Department of Water Resources	TBD*	December 1, 2009
UC Regents - Tax-Exempt	\$200 million	December 3, 2009
UC Regents - Taxable Build America Bonds	\$500 million	December 3, 2009
Available for Spring 2010 Sale	\$5.2 billion--¹	
(Economic Recovery Bonds)	\$3.5 billion	October 29, 2009 **

¹If Oct. 29 \$3.5 billion ERB sale is included in the \$15 billion, the available allowance for Spring 2010 is \$1.7 billion.

**The Water Resources Amount will reduce the \$5.2 billion or \$1.7 billion.*

*** Unspecified by State Treasurer's Office if it will be part of the \$15 billion.*

State Projects First

- Even if Spent Slowly
- Better Cash Flow if Spent Slowly
- Better Arbitrage if Spent Slowly

School Projects

- Can be Spent Quickly
- Creates More Stimulus
- Hurts State Cash Flow

Cumulative Unfunded Approvals

Cumulative Unfunded Approvals	New Construction¹ In millions	Modernization In millions	COS In millions
<i>as of March 30, 2009</i>	\$679.9	\$147.5	\$0.0
<i>as of June 30, 2009</i>	\$458.3	\$121.8	\$342.4
<i>as of September 30, 2009</i>	\$1,138.2	\$269.3	\$342.4
<i>as of November 4, 2009</i>	\$1,250.6	\$256.9	\$342.4
<i>TOTAL UNFUNDED APPROVALS:</i>			\$1,849.9

Source: OPSC Status of Funds Report

¹ Includes all programs except Modernization and Critically Overcrowded Schools

Remaining Bond Authority

Assuming November 4, 2009 Unfunded Approvals Are Funded (in millions)

New Construction	\$723.4
Modernization	\$1,703.8
Seismic Mitigation	\$195.8
CTE	\$87.2
High Performance	\$82.1
Overcrowded Relief	\$643.7

Remaining Bond Authority

Assuming November 4, 2009 Unfunded Approvals and the OPSC Workload Lists are funded (in millions)

New Construction	\$196
Modernization	\$1,388.3

OPSC Workload List as of October 26, 2009

Seismic Mitigation, CTE, High Performance, and ORG are not included in display because OPSC does not maintain public workload lists for them.

OPSC Applications Processing – Monthly Average

	New Construction	Modernization
2009	19	15
2008	35	34

2010 School Bond

- Survey of 1,000 +/- 3%
- Right Track (14%)
- Wrong Track (77%)
- Generic Support

2010 School Bond

- Concerns with Debt
- It's the Economy Stupid – Jobs
- Similar to Proposition 55 (which won)

2010 School Bond

- CTE Support
- Renovation and Repair Support
- Recognize Need to Invest in School Facilities

2010 School Bond

- Demand Strong Accountability
- Support Local School Bonds
- Can Pass with Strong YES Campaign
- Issue is Getting On Ballot

2010 School Bond

- Water Bond Effect
- Other November Ballot Propositions
- Will California Economy Show Improvement by June/July 2010?



Future State Bonding Beyond 2010

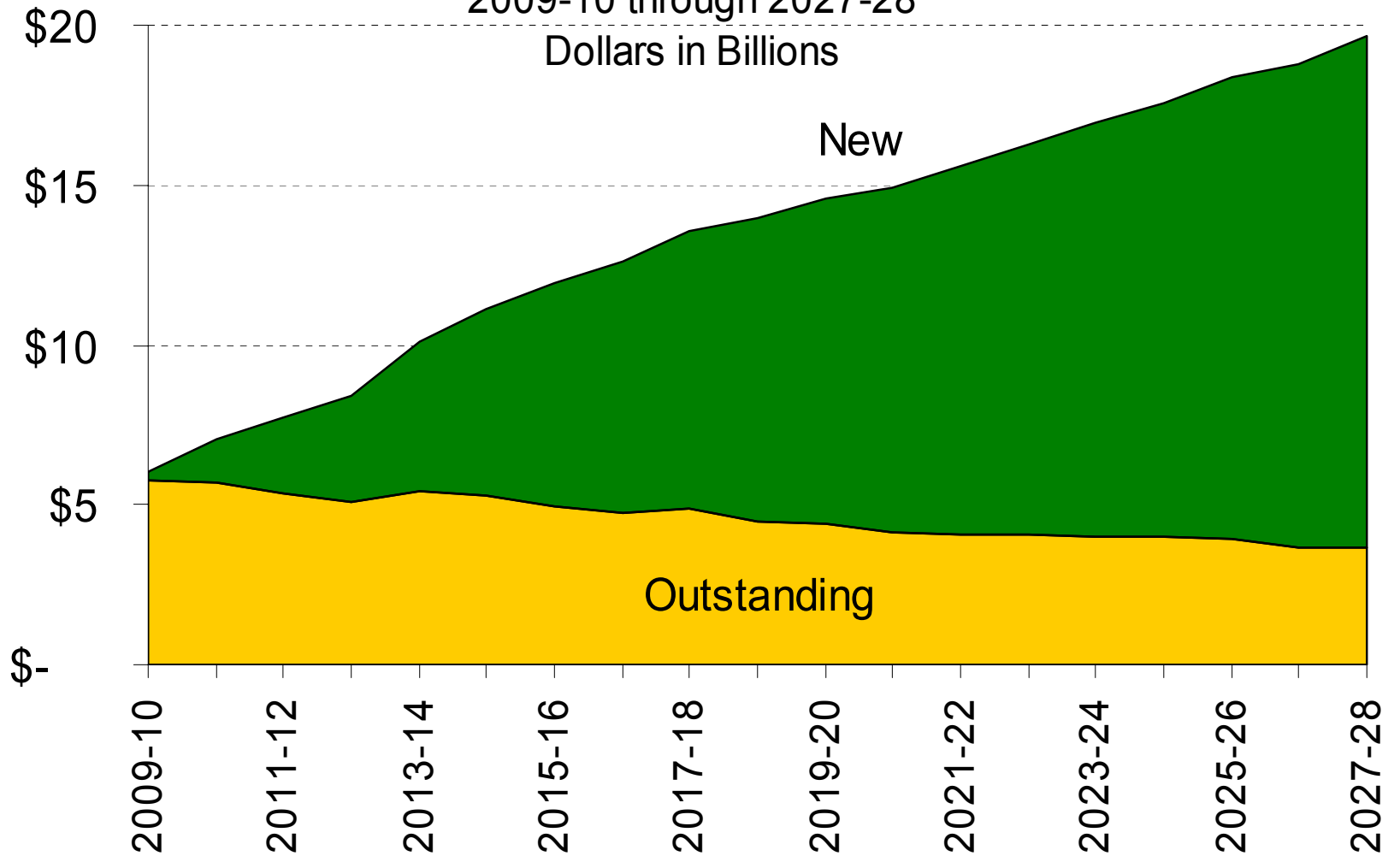
- Treasurer's Comments
 - 10% of General Fund Revenue for Debt Service
 - State Employee Unions
- State Deficit



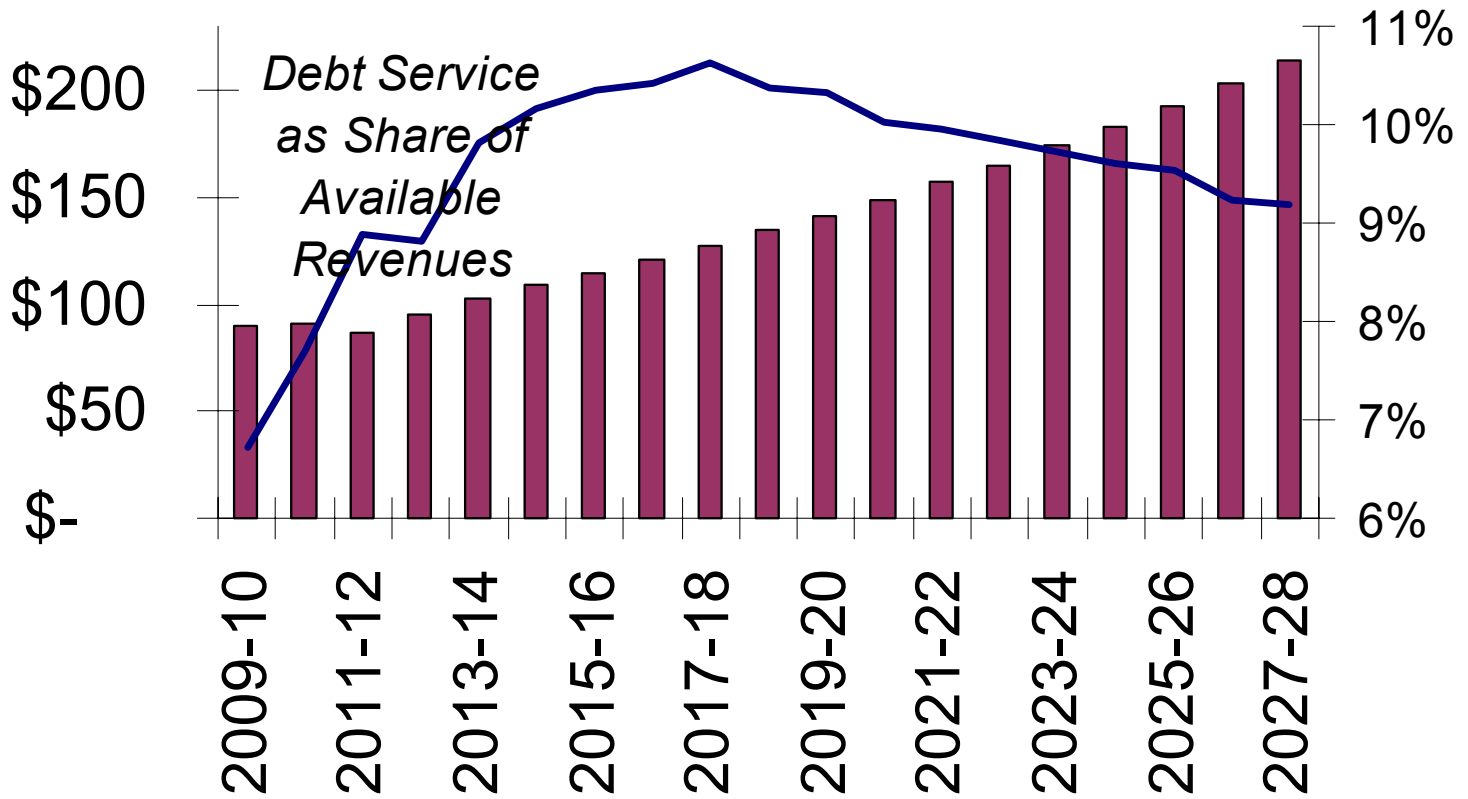
State Match and Level 3

- Avoid Level 3
- Reduce State Liability
- Shift More to Local

General Fund Debt Service
2009-10 through 2027-28
Dollars in Billions



General Fund Debt Service Percentage Compared to Total Revenues



January Governor's Budget Bond Sale Effect

- Mid-Year Cuts?
- Recovery?
- More Deficits?
- The C.A.S.H. Annual Conference (February 22-25, 2010) will address these and other school facility fiscal issues.

Parcel Tax/Bond Election

Unofficial Results

County	District	Type	\$/Year	%Yes	%No	P/F
Alameda	Albany USD	parcel tax	\$149	75.83	24.17	P
Alameda	Albany USD	parcel tax	\$555	76.68	23.32	P
Contra Costa	Acalanes Un. HSD	parcel tax	\$189	73.99	26.01	P
Contra Costa	Walnut Creek SD	parcel tax	\$82	75.43	24.57	P
Los Angeles	Long Beach USD	parcel tax	\$92	43.00	57.00	F

Parcel Tax/Bond Election Unofficial Results

County(s)	District	Type	\$/Year	%Yes	%No	P/F
Los Angeles	Culver City USD	parcel tax	\$96	74.70	25.30	P
Marin	Lagunitas SD	parcel tax	\$325	68.13	31.87	P
Marin	Larkspur SD	parcel tax	\$368	69.89	30.11	P
Marin	Mill Valley SD	55%	\$59,800,000	66.54	33.46	P
Marin/ Sonoma	Shoreline USD	55%	\$9,290,000	62.80	38.20	P

Parcel Tax/Bond Election Unofficial Results

County	District	Type	\$/Year	%Yes	%No	P/F
Santa Clara	Santa Clara USD	parcel tax	\$138	62.89	37.11	F
Santa Clara	Fremont Un. HSD	parcel tax	\$98	59.56	40.44	F
Tulare	Springville Un. ESD	bond	6,700,000	34.52	65.48	F
Ventura	Oxnard ESD	parcel tax	\$99	46.82	53.18	F



Local Funds: Markets and Expectations

***Jeff Baratta
Piper Jaffray & Co.***



Local Funds: Markets and Expectations

- Markets
 - General Obligation Bonds
 - Bond Anticipation Notes
 - Certificates of Participation
 - Qualified School Construction Bonds



Local Funds: Markets and Expectations

- Local Economy
 - Affects of Lower Assessed Values
 - 2010 Expectations



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

Contact Information

Jeff Baratta

Piper Jaffray & Co.
345 California Street Ste. 2400
San Francisco, CA 94104-2645
Phone: (415) 984-5133
Fax: (415) 984-5159
jeffrey.a.baratta@pjc.com

Patti Herrera

Murdoch Walrath & Holmes
1130 K Street Ste. 210
Sacramento, CA 95814-3927
Phone: (916) 448-8577
Fax: (916) 448-7495
pherrera@m-w-h.com

Lyn Gruber

Koppel & Gruber Public Finance
334 Via Vera Cruz Suite 256
San Marcos, CA 92078-2635
Phone: (760) 510-0290
Fax: (760) 510-0288
lyn@kgpf.net

David Walrath

Murdoch Walrath & Holmes
1130 K Street Ste. 210
Sacramento, CA 95814-3927
Phone: (916) 441-3300
Fax: (916) 441-3893
dwalrath@m-w-h.com