✓With Key Points

Jefferson School District

State Board of Education Presentation

Bonded Indebtedness Limits Waiver Request
(Item #W-08)

MARCH 14, 2013

✓ *Summary Statistics: 4 Board Presentations, 4 Citizens Meetings, 2 Public Hearings and 1 County Meeting.*
✓ *We have undertaken a significant local process that led to the best decision that serves the needs of our community.*

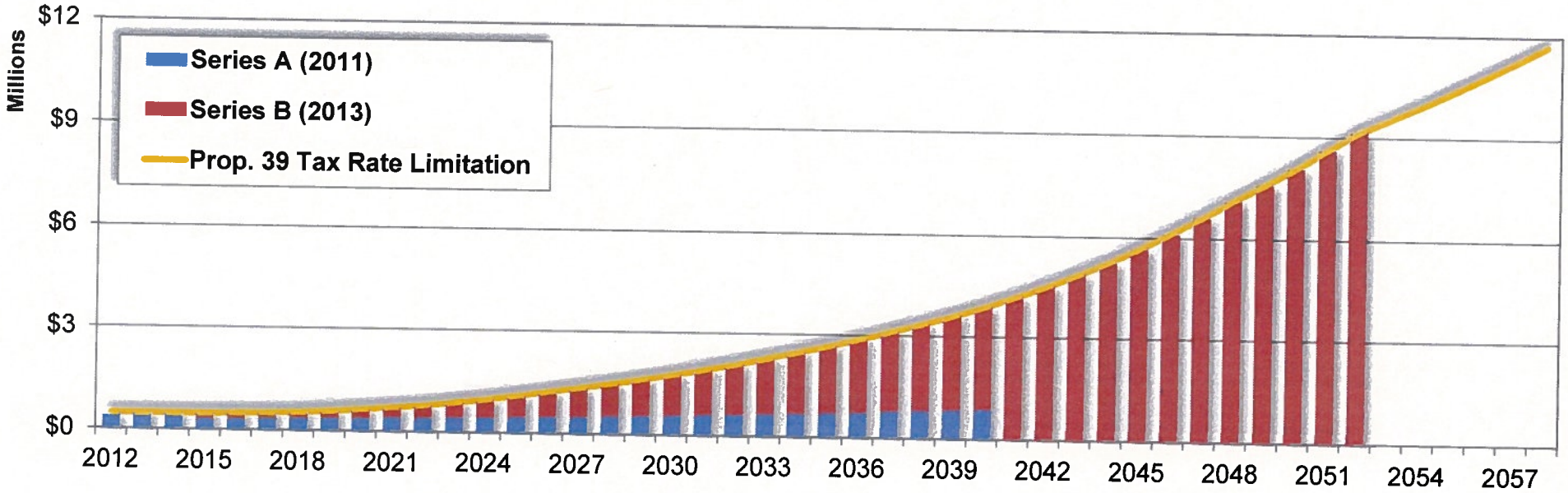
Timeline

» **To promote maximum transparency:**

- Jun. 19, 2012: Board Presentation (update on bond program)
- Aug. 1, 2012: Board Presentation (funding needs and options)
- Sept. 11, 2012: Board Presentation (evaluate financing scenarios)
- Oct. 9, 2012: Public Hearing (financing plan & tax rate levy)
- Oct. 9, 2012: Board Presentation (determine plan for issuance)
- Oct. 10, 2012: Meeting with Bond Citizens Oversight Committee
- Oct. 10, 2012: Meeting with Traina Parents' Club
- Oct. 16, 2012: Meeting with Jefferson Teachers Association
- Oct. 16, 2012: Meeting with Monticello/Jefferson Parents' Club
- Oct. 22, 2012: Public Hearing (District waiver request)
- Oct. 23, 2012: Submitted Bonded Indebtedness Waiver Request
- Nov. 26, 2012: Meeting with San Joaquin County Treasurer

✓ *Inherent under Prop. 39, school districts have historically utilized CABs as a part of an overall long-term GO Bond funding program.*
✓ *Our use of CABs is responsible and in line with our local treasurer-tax collector's recommendation.*

District Financing Plan (Current Law)

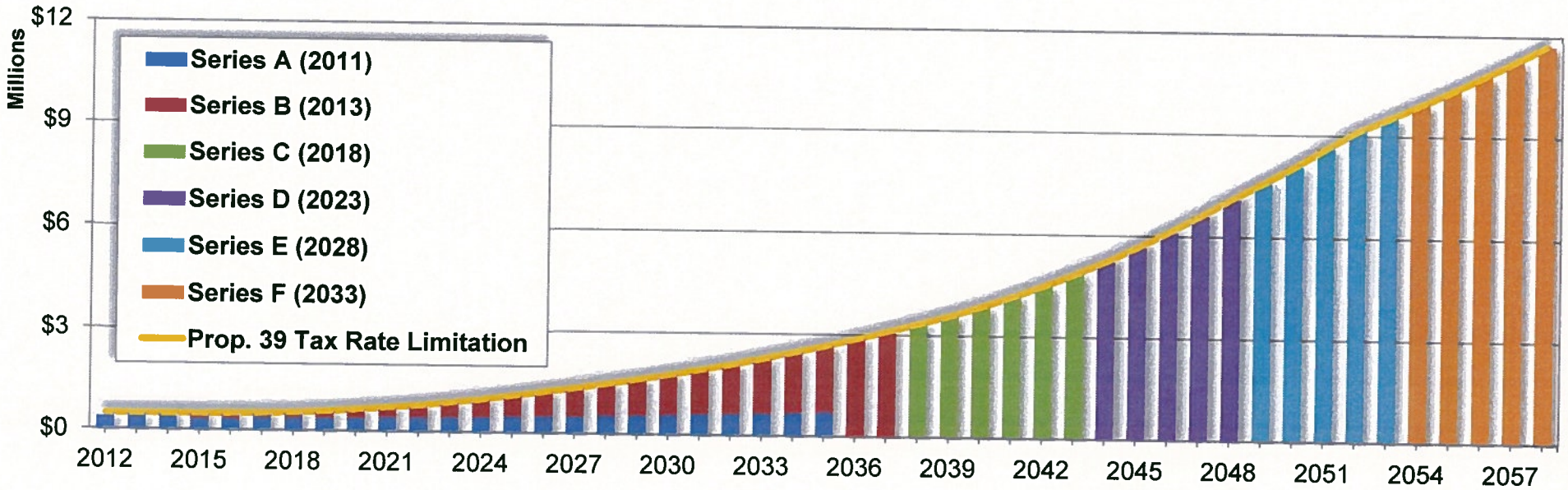


Item	Series A	Series B	Total
Issuance Year	2011	2013	N/A
Issuance Amount	$6,397,194	$22,612,660	$29,009,854
Total Debt Service	$15,177,288	$106,601,731	$121,779,019
Debt Service to Par Ratio	2.37:1	4.71:1	4.20:1
Bond Repayment	30 Years	39 Years	N/A
Last Maturity	8/1/2041	8/1/2052	8/1/2052
Construction Dollars[1]	$6,082,236	$20,679,377	$26,761,612

[1] In 2011 dollars. Net of all costs of issuance and discounted at a construction cost inflation rate of 4.57%. Source: Marshall & Swift, Class B Construction Cost Index for Eight California Cities from 2002 to 2012.

✓ *The same facilities will cost more and take longer to build under the alternative plan.*
✓ *When taking into consideration construction inflations, to complete the same facilities, it will take 4 additional issuances (more issuance costs), 20 years longer to deliver the funding, $63M more & 5 years longer to repay.*

Alternative Plan (Proposed Legislation/Conditions)



Item	Series A	Series B	Series C	Series D	Series E	Series F	Total
Issuance Year	2011	2013	2018	2023	2028	2033	N/A
Issuance Amount	$2,992,194	$9,496,679	$5,908,904	$6,481,544	$8,171,102	$9,256,703	$42,307,126
Total Debt Service	$11,171,963	$22,162,813	$24,285,000	$30,700,000	$42,895,000	$53,995,000	$185,209,775
Debt Service to Par	3.73:1	2.33:1	4.11:1	4.74:1	5.25:1	5.83:1	4.38:1
Bond Repayment	25 Years	25 Years	25 Years	25 Years	25 Years	25 Years	N/A
Last Maturity	8/1/2036	8/1/2038	8/1/2043	8/1/2048	8/1/2053	8/1/2058	8/1/2058
Construction Dollars[1]	$2,755,975	$8,684,754	$4,321,726	$3,791,344	$3,822,608	$3,463,378	$26,839,786

[1] In 2011 dollars. Net of all costs of issuance and discounted at a construction cost inflation rate of 4.57%. Source: Marshall & Swift, Class B Construction Cost Index for Eight California Cities from 2002 to 2012.

✓ *What we are requesting is no different from what SBE had historically approved.*
✓ *In the absence of approving the waiver as requested, our students will not have appropriate learning facilities to support the educational programs required to succeed in today's global environment.*

Past Requests to Waive Bonded Indebtedness Limits

» **Statistics on bonding capacity waiver requests from 2005 to 2011:**

- Number of waivers heard by SBE: 22
- Number of waivers approved by SBE: 22
- Number of waivers approved with conditions limiting the use of Capital Appreciation Bonds ("CABs"): 0

✓ *We agree with all but one of the five conditions recommended for approval by CDE.*
✓ *School district administration and governing boards are responsible to our parents and education communities and are held accountable for ensuring adequate school facilities are available while being fiscally prudent.*

Please Consider Approving the District's Waiver Request

Conditions Recommended by CDE	Yes	No
1) Total bonded indebtedness does not exceed 1.92 percent	✔	
2) Waiver is limited to bonds approved in the Nov. 2010 election	✔	
3) Tax rate levied does not exceed the amount authorized by the voters *(Clarification: Prop. 39 limit of $30 per $100,000 of AV)*	✔	
4) Waiver is limited to two years less one day *(Clarification: 2-year limitation applies to timing of issuance and not bond repayment)*	✔	
5) Capital Appreciation Bonds are not issued		✔

» ***The local decision-making process undertaken by Jefferson School District has led us to the right decision for our community. The Governing Board and Administration of the District believe the improvements to be funded under the proposed financing plan are essential for student achievement and supported by the community.***