Mt. Diablo Unified School District

Election of 2002, Series 2004
General Obligation Refunding Bonds Summary

January 9, 2012

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Walnut Creek, CA 94596

Isom Advisors A Division of
URBAN FUTURES | Incorporated

Bond Program and Refinancing Objectives

Bond Program Overview

- Voters in the District approved a $250,000,000 bond authorization at an election in March 2002 by 65.4%.
- All of the bonds from the 2002 election have been issued based on the following issuance schedule:
  - *$69.4 million in bonds in 2002*
  - *$121.0 million in bonds in 2004*
  - $59.6 million in bonds in 2006
- June 21, 2011, District refunded its 2002 bonds to save taxpayers $4.7 million
- **November 30, 2011, based on a rally in the municipal bond market, District also refunded its 2004 bonds to save taxpayers an additional $4.2 million**

Specific Financing Objectives

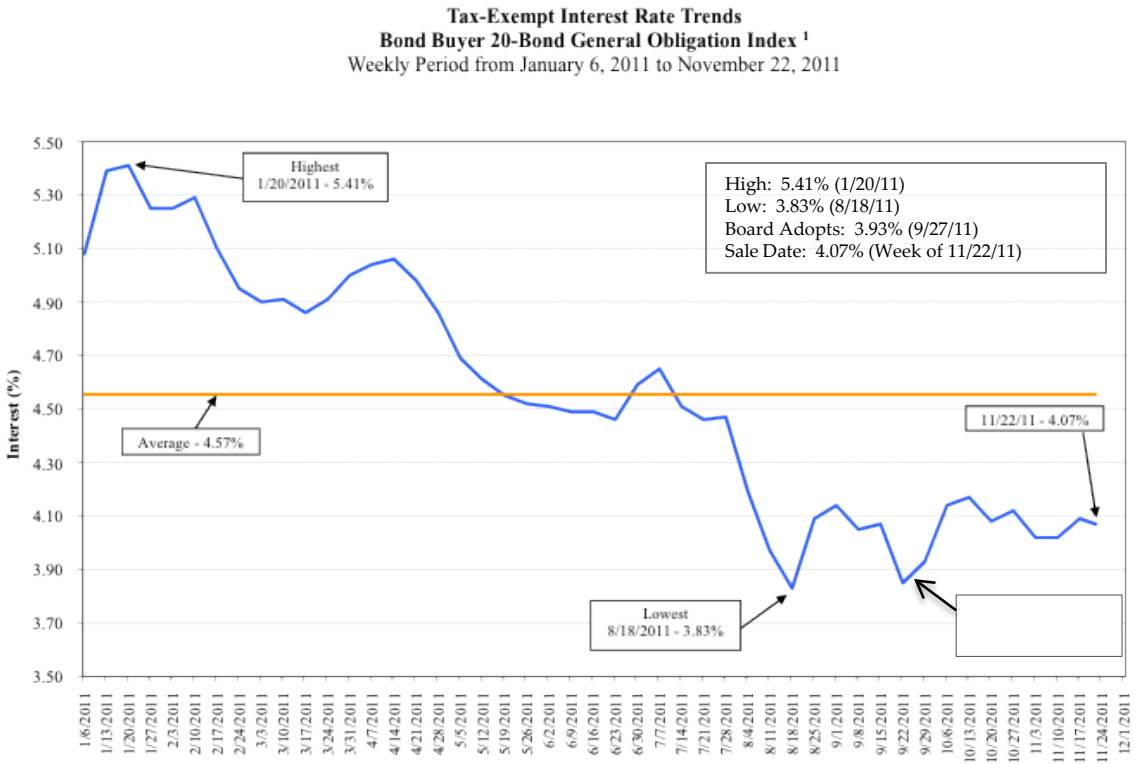
- Secure strong credit rating for the refunding bonds
- Sell bonds on a negotiated basis to maximize flexibility
- Achieve District goal of at least 6% present value savings for refunded bonds
- Sell refunding bonds to achieve most efficient debt service savings and thereby reduce taxes for taxpayers

Refunding Results – the 2004 Series

- Interest rates on the 2004 Bonds ranged from 3.88% in the 2012 maturity up to 5.19% in 2029 and the principal amount of the callable bonds totaled $98,885,000

- Since January 2011, the bond market has experienced an unprecedented rally that has driven down interest rates to historic lows

- At its September 27, 2011 board meeting, the District Board voted to refinance the callable maturities of the 2004 Bonds



Ratings

- District superintendent held a conference call with rating agency Moody's Investors Service on November 15, 2011 and received strong ratings
- The District maintained its Aa3 rating from Moody's, citing as strengths:
  - "Large and diverse tax base"
  - "Above average income levels of district residents"
  - "Strong financial operations and modest debt burdens"
- The strong ratings enabled the District to avoid buying bond insurance, thereby saving additional dollars

Sale Process: Structure and Rates

- Negotiated sale process provided flexibility needed to "time the market"
  - Preliminary structure and scale (interest rates) were set on November 29th
  - Final structure and rates were set on November 30th

- Negotiated sales allow for flexibility in setting structure
  - Requested maturity by maturity analysis of savings
  - Prior bonds were issued with rates between 3.88% and 5.19%. Yields on refunding bonds ranged from 0.45% to 3.29%
  - District saved local taxpayers over $4 million dollars ($4,158,271) through refunding the prior bonds
  - Represents 7.78% savings vs. the 2004 Bonds – more than double the industry standard threshold of 3.00%
  - Bonds sold with a true interest cost (TIC) of 2.754%

SAVINGS BY MATURITY

Mt. Diablo Unified School District
Refunding General Obligation Bonds
Election of 2002, Series B
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Preliminary Numbers

Bond	Maturity Date	Interest Rate	Par Amount	Nominal Savings	Nominal Savings Percent
GO Bonds Elect 2002 Series 2004, GOE02_04:					
CIBS	07/01/2014	4.125%	4,025,000.00	24,087.68	0.598%
	07/01/2015	4.250%	4,185,000.00	109,614.10	2.619%
	07/01/2016	5.000%	4,360,000.00	277,068.11	6.355%
	07/01/2017	5.000%	4,545,000.00	371,905.07	8.183%
	07/01/2018	5.000%	4,745,000.00	445,993.44	9.399%
	07/01/2019	5.000%	4,955,000.00	473,849.80	9.563%
	07/01/2020	5.000%	5,180,000.00	488,047.66	9.422%
	07/01/2021	5.000%	5,415,000.00	525,359.79	9.702%
	07/01/2022	5.000%	5,670,000.00	465,813.74	8.215%
	07/01/2023	5.000%	5,935,000.00	358,922.95	6.048%
	07/01/2024	5.000%	6,220,000.00	245,935.94	3.954%
	07/01/2025	5.000%	6,525,000.00	176,671.11	2.708%
TERM27	07/01/2026	5.000%	6,850,000.00	121,138.10	1.768%
	07/01/2027	5.000%	7,190,000.00	66,102.22	0.919%
TERM29	07/01/2028	5.000%	7,555,000.00	4,701.02	0.062%
	07/01/2029	5.000%	7,935,000.00	-54,838.48	-0.691%
			91,290,000.00	4,100,372.27	

G.O. Bond
Program Summary

Nearly $40 million in taxpayer savings

- District has done a good job of aggressively pursuing federally subsidized school bonds as well as refunding outstanding bonds when interest rates have declined
  - $59,540,000 in 2010 New Clean Renewable Energy Bonds saved taxpayers in interest costs **$29,255,752**
  - $3,865,000 in 2011 Qualified School Construction Bonds saved taxpayers in interest costs **$1,700,286**
  - Refunding the 2002 GO Refunding Bonds in 2011 saved taxpayers **$4,676,908**
  - Refunding the 2004 GO Refunding Bonds saved taxpayers **$4,158,271**

Total Interest Cost Savings: **$39,791,217**

Appendix:
Comparable Transactions

Comparable Market Transactions

Mt. Diablo Unified School District
General Obligation Refunding Bonds, Election of 2002, Series B

Recent Pricing Comparables for
Tax Exempt Current Interest Bonds

	Mt. Diablo Unified School District			Mt. Diablo Unified School District			William S. Hart Union High School District			Covina-Valley Unified School District			Brea Olinda Unified School District			West Contra Costa Unified School District		
Pricing Date:	11/30/2011			11/30/2011			11/17/2011			11/17/2011			11/8/2011			11/8/2011		
Par Amount:	$43,850,000			$43,855,000			$13,830,000			$13,495,000			$3,650,000			$79,000,000		
Financing Type:	General Obligation			General Obligation			General Obligation			General Obligation			General Obligation			General Obligation		
Rating/Insurance:	No Insurance			No Insurance			Aa3/AA+/-- (AGM)			No Insurance			No Insurance			2012, 2013 & 2041 (5% coupon): Aa3/AA+/-- (AGM)		
Underlying Rating:	Aa3/--/--			Aa3/--/--			Aa2/A+/--			Aa3/--/--			--/AA-/--			Aa3/A+/A+		
Optional Call:	7/1/2021 at 100%			7/1/2021 at 100%			8/1/2021 at 100%			8/1/2021 at 100%			Non-Callable			8/1/2021 at 100%		
Bank Qualified:	No			No			No			No			Yes			No		
	Coupon	**Yield**	**Spread to MMD**	**Coupon**	**Yield**	**Spread to MMD**	**Coupon**	**Yield**	**Spread to MMD**	**Coupon**	**Yield**	**Spread to MMD**	**Coupon**	**Yield**	**Spread to MMD**	**Coupon**	**Yield**	**Spread to MMD**
	Proposed Changes			*Preliminary*														
2012	2.000	0.450	+0.20	2.000	0.450	+0.20				3.000	0.500	+0.25	2.000	0.500	+0.25	3.000	0.600	+0.35
2013	3.000	0.770	+0.35	3.000	0.770	+0.35				3.000	0.810	+0.39	3.000	0.820	+0.40	3.000	1.020	+0.60
2014	3.000	1.040	+0.40	3.000	1.040	+0.40	3.000	1.000	+0.36	3.000	1.090	+0.46	3.000	1.090	+0.45			
2015	4.000	1.350	+0.42	4.000	1.380	+0.45	4.000	1.900	+0.45	4.00/5.00	1.410	+0.50	4.000	1.430	+0.50			
2016	4.00/5.00	1.600	+0.45	4.00/5.00	1.650	+0.50	2.750	1.730	+0.52	5.000	1.740	+0.57	4.000	1.740	+0.55			
2017	4.00/5.00	1.830	+0.50	4.00/5.00	1.880	+0.55	4.000	1.950	+0.52	4.000	1.980	+0.59	4.000	1.970	+0.55			
2018	2.00/5.00	2.130	+0.58	2.00/5.00	2.150	+0.60	4.000	2.270	+0.60	3.000	2.210	+0.59	4.000	2.300	+0.64			
2019	3.25/5.00	2.390	+0.59	3.50/5.00	2.450	+0.65	5.000	2.530	+0.60	5.000	2.520	+0.64	4.000	2.610	+0.71			
2020	5.000	2.700	+0.65	5.000	2.700	+0.65	5.000	2.830	+0.65	5.000	2.820	+0.69	4.000	2.910	+0.76	5.000	3.440	+1.29
2021	5.000	2.870	+0.65	5.000	2.870	+0.65	5.000	3.030	+0.70	5.000	3.040	+0.75				5.000	3.690	+1.31
2022	5.000	3.000	+0.61	5.000	3.040	+0.65	5.000	3.230	+0.75	5.000	3.230	+0.78				5.000	3.760	+1.32
2023	5.000	3.290	+0.72	5.000	3.290	+0.72	5.000	3.430	+0.80	5.000	3.440	+0.83				5.000	3.960	+1.37
2024										4.00/5.00	3.64/3.74	+0.87/+0.97				5.000	4.080	+1.34
2025										5.250	3.810	+0.90				4.125	4.290	+1.43
2026										5.250	3.930	+0.90				4.250	4.400	+1.42
2027																4.375	4.510	+1.42
2028																		
2029																		
2030																		
2031																		
2032																5.250	4.700	+1.19
2033																		
2034																		
2035																5.250	4.830	+1.17
2036																		
2037																		
2038																		
2039																		
2040																		
2041																5.00/5.25	5.07/4.90	+1.34/+1.17