Proposition S

Bond Sale & Fund Management
Prop S Building Bond

**Fund Numbers**
- SDUSD Fund # - 21300
- County Treasurer Fund # - 54310

**Financial Overseers**
- Revenue – Lorraine Mageau
- Expenditures – Gordon Yorke
First Issuance – May 2009

Series A
Capital Appreciation Bonds (CABS)
And Convertible CABS $131,157,580.95

Series B
Qualified School Construction Bonds aka Tax Credit Bonds $ 38,840,000.00

Total Both Series $169,997,580.95
Typical Revenues

- Bond Proceeds
- Interest Revenue (paid quarterly)
- State Matching Funds (tracked in separate fund)
- Erate
Typical Expenditures

- Classified Salaries
- Employee Benefits
- Supplies and Materials
- Service & Other Operating Expenditures
- Capital Outlay
- Debt Service
Other Expenditures

• Rebate Arbitrage Analysis
• Interest Expense (on any O/S loans)
• Bond Issuance Costs
• Disclosure Costs
• Annual Audit Fees
Other Valuable Information

• Capital Appreciation Bonds (CABS)
• Convertible CABS
• Qualified School Construction Bonds
Capital Appreciation Bonds (CABS)

The Bonds will be issued as capital appreciation bonds (the “Capital Appreciation Bonds”) and capital appreciation bonds that will convert to current interest bonds (the “Convertible CABs”). The Capital Appreciation Bonds will not bear current interest but will increase in value by the accumulation of earned interest from their initial principal amounts on the date of delivery thereof to their respective accreted values at maturity (the “Maturity Value”). Interest on the Capital Appreciation Bonds will be compounded on each January 1 and July 1, commencing July 1, 2009, and will be payable solely at maturity.
Convertible CABS

- The Convertible CABs will initially be issued as capital appreciation bonds and will convert to current interest bonds on July 1, 2019 (the “Conversion Date”). Prior to the Conversion Date, the Convertible CABs will not bear current interest, but will increase in value by the accumulation of earned interest from their initial principal amounts on the date of delivery thereof to the Conversion Date (the “Conversion Value”). Prior to the Conversion Date, interest on the Convertible CABs will be compounded on each January 1 and July 1, commencing July 1, 2009. No payment of interest will be made to the owners of Convertible CABs prior to or on the Conversion Date. From and after the Conversion Date, the Convertible CABs will bear current interest, such interest to accrue based upon the Conversion Value of the Convertible CABs. Following the Conversion Date, interest on the Convertible CABs will be payable semiannually on each January 1 and July 1, commencing January 1, 2020.
Qualified School Construction Bonds

• SCBs are tax credit bonds where in lieu of interest payments, bond purchasers receive quarterly tax credits from the Federal government, until the maturity of each bond. The tax credit rate for the Series B Bonds is 7.87% (investors receive a $787 tax credit, on a quarterly basis, until maturity, for every $40,000 of bonds they own). Proceeds of SCBs must be spent on constructing, rehabilitating or repairing a public school facility or for acquiring land on which a school facility will be located.