

May 19, 2011

San Diego Unified School District

ICOC Meeting

Keygent LLC

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Firm Description

Keygent's specializes in performing independent strategic and technical financial advisory/structuring services for California school district capital improvement programs

- ◆ Public finance group formed in March 2008 by former investment bankers with Piper Jaffray's California Education Group
- ◆ Since 2004, structured over 110 California school general obligation bonds, totaling over \$2.3 billion
- ◆ Since March 2008, structured over 40 financings totaling over \$1 billion
- ◆ Assisted 8 California school districts in planning successful bond measures totaling over \$1.5 billion at November 2010 and April 2011 ballots
- ◆ Some of Keygent's current clients
 - Fresno USD, Glendale USD, Ohlone CCD, Palo Alto USD, Riverside CCD, San Mateo-Foster City SD, San Mateo Union HSD, Santa Monica-Malibu USD, South San Francisco USD, South Pasadena USD

Municipal Bond Rates

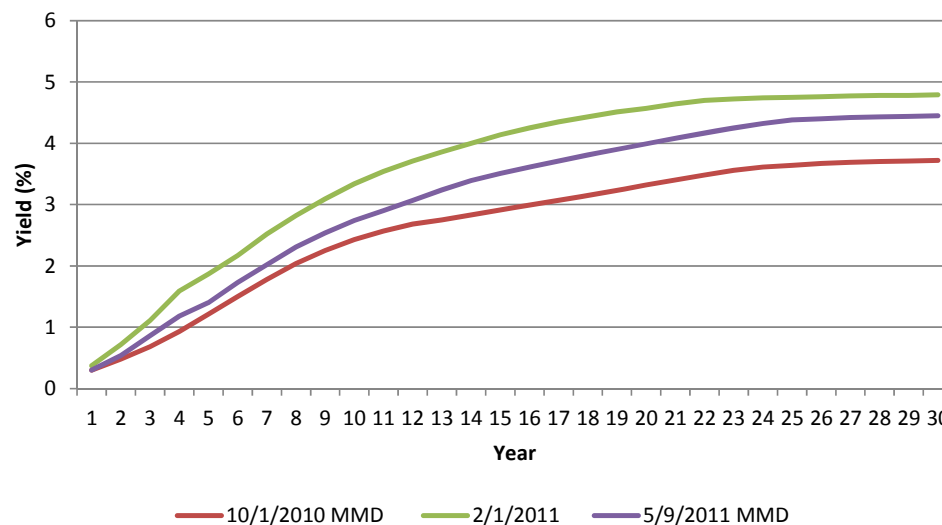
Municipal bond interest rates have experienced significant increases

- ◆ Capital appreciation bonds experiencing wider spreads to current interest bonds since the 2008 credit crisis
 - 7/1/2008 (pre-crisis): 0.24% spread for 30-year capital appreciation bond)
 - 10/1/2010: 1.17% spread
 - 5/9/2011: 1.07% spread

Bond Buyer GO Index ⁽¹⁾



Municipal Market Data Yield Curves⁽²⁾



- (1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated Aa2 by Moody's Investors Service. Source: The Bond Buyer & Bloomberg.
- (2) Municipal Market Data is a daily interest rate scale put together by getting a consensus from major national bond dealers in the nation.

Scope of Review

Under direction of the District's CFO Team, Keygent will work with the District's current financial advisor and provide an independent review of the District's bond program assumptions to account for the following factors:

- ◆ Construction cashflow
- ◆ Assessed values and future growth
- ◆ Interest rates
- ◆ Tax rates
- ◆ Structure of bonds
 - Bond type
 - Current interest bonds
 - Capital appreciation bonds
 - Convertible capital appreciation bonds
 - Length of each series of bonds
- ◆ Use of interim financings, if any