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## CALIFORNIA FINANCIAL SERVICES

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### E-MAIL/FAX MEMORANDUM

TO: Melinda Pure  
*San Bernardino City Unified School District*

FROM: Michael Ogburn  
California Financial Services

RE: San Bernardino City Unified School District  
*School Facility Bridge Funding Program Repayment Summary*

DATE: January 4, 2005                      No. of pages including this cover page: 10

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Pursuant to your request, please find attached a brief summary of the purpose and repayment of the San Bernardino City Unified School District's (the "District") School Facility Bridge Funding Program (the "Bridge Program"). The attached summary was prepared to highlight the Bridge Program component, the payoff from the 2004 Series A G.O. Bonds (the "2004 Bonds"), and the District's long-term School Funding Plan for tomorrow's meeting with the Citizens Oversight Committee ("COC").

Also attached is the excerpt from the District's most recent Program Status Report highlighting the priority school projects (collectively the "Projects") that are now underway from a combination of Bridge Program, State, and G.O. Bond proceeds. This excerpt will provide the COC with a comprehensive report concerning the Projects.

As always, it is a pleasure working with you and serving the San Bernardino City Unified School District. In the interim, please feel free to contact me directly if you have any questions or need any additional information in advance of tomorrow's COC meeting.

Thanks Melinda.

**\$44,999,497.70**  
**2004 GENERAL OBLIGATION BONDS, SERIES A**

**CITIZENS OVERSIGHT COMMITTEE**  
**SUMMARY REPORT**  
**January 5, 2005**

**SBCUSD SCHOOL FACILITY BRIDGE FUNDING PROGRAM**

In 2001, the San Bernardino City Unified School District (the "District") developed a School Facility Bridge Funding Program (the "Bridge Program") to provide the *interim* funding required to commence its priority school modernization, improvement, expansion, and new construction projects (collectively the "School Projects") in advance of receiving future State grant funds ("State Funds"), local general obligation bond proceeds ("Bonds"), developer fees and mitigation revenue ("Developer Funds"), and other revenue/funding sources (collectively the "Long-term Funds").

In October 2001, an initial series of Bridge Program certificates (the "2001 Bridge Series #1") were issued in the amount of \$29 million to provide interim funding for the following:

1. Commencing 45 of the District's School Projects;
2. A certificate reserve fund;
3. The District's payments due during the respective School Project construction periods; and
4. The closing expenses.

In September 2003, a second series of Bridge Program certificates (the "2003 Bridge Series #2") were issued in the amount of \$57 million to provide additional interim funding needed by the District for the following:

1. The continuation of the 45 School Projects that commenced initially with the 2001 Bridge Series proceeds;
2. Commencing an additional 80 School Projects;
3. Refinancing of certain lease/purchase and outstanding certificates in order to reduce the District's interest rates and resulting annual payments;
4. A certificate reserve fund;
5. The District's payments due during the respective School Project construction periods; and
6. The closing expenses.

Concurrently with the issuance of the 2003 Bridge Series #2, the 2001 Bridge Series #1 was paid off from a combination of State Funds, 2003 Bridge Series #2 proceeds, and remaining balances in the 2001 Bridge Series #1 fund accounts.

**SBCUSD 2004 GENERAL OBLIGATION BONDS, SERIES A**

In March 2004, the voters approved the District's general obligation bond measure ("Measure T"), which authorized the issuance of \$140 million principal amount of general obligation bonds (the "Authorized Bonds"). In October 2004, the District issued \$44.99 million (the 2004 Series A Bonds) of the Authorized Bonds to fund the following:

1. Replace the interim 2003 Bridge Series #2 proceeds, as the District's long-term local funding source, for the collective 125 School Projects that were initially commenced with its Bridge Program; and
2. The District's remaining local share of certain State eligible School Projects.

The 2003 Bridge Series #2 was paid off on November 1, 2004, from the following funding sources, including proceeds from the issuance of the 2004 Series A Bonds:

**2003 BRIDGE CERTIFICATE PAYOFF AMOUNTS DUE**

2003 Bridge Series #2 Principal Amount Due	\$57,000,000.00
Estimated Accrued Interest Due	<u>792,627.05</u>
TOTAL PAYOFF AMOUNT DUE ON NOV. 1, 2004 =	\$57,792,627.05

**2003 BRIDGE SERIES #2 PAYOFF FUNDING SOURCES & AMOUNTS**

2003 Bridge Series #2 Reserve Fund Balance	\$5,726,340.63
2003 Bridge Series #2 Capitalized Interest Fund Balance	7,323,375.01
2004 Series A Bond Proceeds	<u>44,742,911.41</u>
TOTAL AMOUNT UTILIZED FOR PAYOFF =	\$57,792,627.05

The District expects to be able to fully access all of the \$140 million of Authorized Bonds with the following four (4) bond series over a ten (10) year period under the Proposition 39 annual \$60 per \$100,000 of assessed property value tax limitation:

**AUTHORIZED BOND  
PLANNED ISSUANCE SCHEDULE**

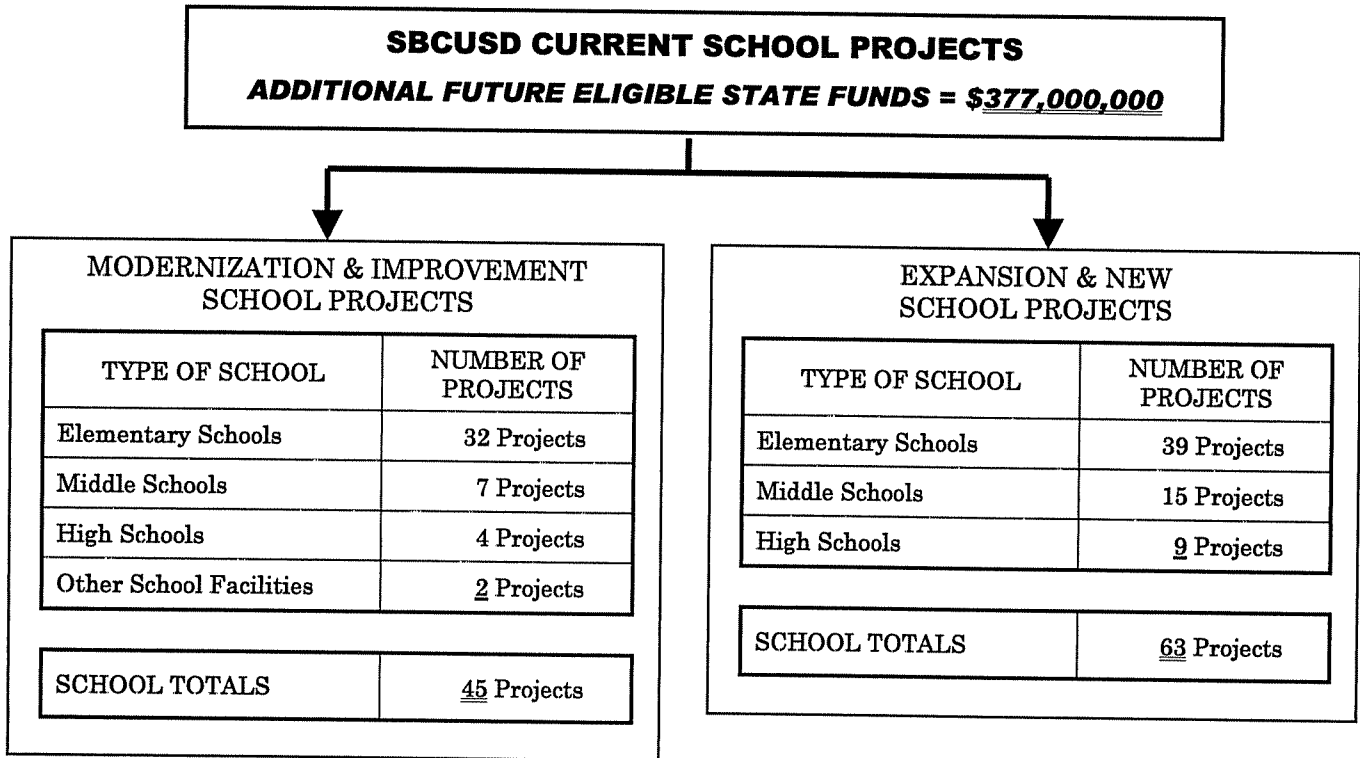
AUTHORIZED BONDS <i>PROJECTED SERIES</i>	ISSUANCE YEAR	ISSUANCE AMOUNT	
2004 Series A Bonds	Sept. 29, 2004	\$45,000,000	← COMPLETED
2007 Series B Bonds	June 2007	32,000,000	← FUTURE BOND SERIES
2010 Series C Bond	June 2010	32,000,000	
2014 Series D	June 2014	<u>31,000,000</u>	
REMAINING AUTHORIZED BONDS = 3 BOND SERIES		\$95,000,000	
4 TOTAL BOND SERIES	10-YEARS	<u>\$140,000,000</u>	← TOTAL BONDS

The District plans to utilize the \$95 million balance of the Authorized Bonds to fund the following:

1. Its local share required to obtain matching State Funds for future eligible school projects;
2. The school facility enhancements, expansions and improvements that are not eligible for State Funds; and
3. Other administrative and educational support facilities.

## SBCUSD'S FUTURE ELIGIBLE STATE FUNDS

To date, the District has received over \$103 million of State Funds for its eligible School Projects. With the passage of Measure T, the District is now eligible for over \$377 million in additional State Funds under the State's Financial Hardship policies for the following 108 School Projects.



The District is also in the planning stage for over \$53 million in additional school projects that are eligible for future State Funds. The planning phase for the remaining \$95 million in Authorized Bonds is set to commence in FY 2006-07.

## SBCUSD SCHOOL BUILDING PROGRAM

The District's current School Building Program is comprised of 45 school modernization and improvement projects and 80 school expansion and new construction projects whose budgets currently collectively total approximately \$540 million. The remaining cost to complete the current School Projects approximates \$476 million, of which approximately \$91 million is currently on hand, \$8 million will need to be provided by the District, and \$377 million is eligible for additional State Funds. The District's potential funding total for its long-term School Building Program exceeds \$737 million from a combination of the following State, Bridge and Bond Funds:

STATE FUNDS ELIGIBLE TOTAL =	\$533,500,000
BRIDGE PROGRAM FUND TOTAL =	47,100,000
1999 BONDS TOTAL =	16,400,000
2004 AUTHORIZED BOND TOTAL =	<u>140,000,000</u>
<b>TOTAL POTENTIAL FUNDING AMOUNTS =</b>	<b><u>\$737,000,000</u></b>

Attached for review is a comprehensive summary status report of the District's School Building Program.