
Lake Tahoe Unified School District


General Obligation Bonds, Election 2008, Series 2010

February 2010



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A Division of Zions First National Bank

A faint, light blue wireframe graphic of a modern building structure, consisting of various rectangular blocks and lines, positioned in the lower right area of the blue footer.

Purpose of Presentation

- Provide District with three scenarios under different Assessed Value growth assumptions.
- Present alternative ideas to increase the size of the 2010 bond issuance.
- Offer benefits and challenges associated with interim financing.

Sizing Series 2010

- The size of the next series of bonds is dependent on the District's projection of Assessed Value growth.

	Conservative Growth Estimate	Moderate Growth Estimate	Aggressive Growth Estimate
AV Growth	2011: 0.00%	2011: 0.00%	2011: 0.00%
	2012: 2.00%	2012: 2.00%	2012 & On: 5.00%
	2013: 2.00%	2013: 4.00%	
	2014: 4.00%	2014 & On: 5.00%	
	2015: 4.00%		
	2016 & On: 5.00%		
Bond Sizing			
QSCBs	\$2,325,000.00	\$3,410,000.00	\$4,540,000.00
CABs	\$12,870,712.05	\$13,660,066.85	\$14,503,155.50
Total (\$)	\$15,195,712.05	\$17,070,066.85	\$19,043,155.50
Term of Bonds	35 years	35 years	35 years
Maximum Tax Rate	\$28.70 per \$100,000 AV	\$28.70 per \$100,000 AV	\$28.70 per \$100,000 AV
True Interest Cost	6.4127%	6.3452%	6.2862%

Pros & Cons of Moderate AV Growth Assumption

Pros

- Allows the District to issue more bonds than under a conservative approach.
- Less risk compared to the aggressive AV growth approach of exceeding the promised tax rate.
- More QSCBs and shorter term bonds compared to the conservative approach to lower overall borrowing costs.
- Good balance: allows for slow recovery without constraining the facilities program.

Cons

- Allows the District to issue fewer bonds than under the aggressive approach.
- Greater risk compared to a conservative AV growth rate approach of exceeding the promised tax rate.
- Fewer QSCBs and shorter term bonds compared to the aggressive approach resulting in an increased overall borrowing cost.

History of AV Growth Rate

Bond Year Ending	Secured and Utility	Unsecured	Total	Growth Rate
8/1/89	1,782,639,055	85,416,363	1,868,055,418	NA
8/1/90	1,877,402,946	90,514,151	1,967,917,097	5.35%
8/1/91	1,981,549,105	88,643,669	2,070,192,774	5.20%
8/1/92	2,115,295,095	101,579,104	2,216,874,199	7.09%
8/1/93	2,243,336,523	99,870,499	2,343,207,022	5.70%
8/1/94	2,353,331,550	110,500,797	2,463,832,347	5.15%
8/1/95	2,406,164,959	73,681,078	2,479,846,037	0.65%
8/1/96	2,478,938,080	79,210,485	2,558,148,565	3.16%
8/1/97	2,576,294,484	70,942,767	2,647,237,251	3.48%
8/1/98	2,657,961,175	74,026,560	2,731,987,735	3.20%
8/1/99	2,790,848,796	75,895,295	2,866,744,091	4.93%
8/1/00	2,931,946,305	85,863,430	3,017,809,735	5.27%
8/1/01	3,069,105,313	95,029,199	3,164,134,512	4.85%
8/1/02	3,300,373,926	92,955,549	3,393,329,475	7.24%
8/1/03	3,563,484,032	99,110,127	3,662,594,159	7.94%
8/1/04	4,063,829,532	91,234,504	4,155,064,036	13.45%
8/1/05	4,438,133,279	92,954,599	4,531,087,878	9.05%
8/1/06	4,952,776,722	94,217,116	5,046,993,838	11.39%
8/1/07	5,547,986,054	109,149,429	5,657,135,483	12.09%
8/1/08	5,957,958,758	119,008,972	6,076,967,730	7.42%
8/1/09	6,238,417,228	128,173,066	6,366,590,294	4.77%
8/1/10	6,270,562,132	130,678,832	6,401,240,964	0.54%

Three-Year Average (tax year 2006-07 through tax year 2008-09): 6.21%
 Five-Year Average (tax year 2004-05 through tax year 2008-09): 7.54%
 Ten-Year Average (tax year 1992-93 through tax year 2008-09): 7.64%
 Twenty-Year Average (tax year 1999-00 through tax year 2008-09): 6.09%

Alternative Approach #1

- Increasing the tax rate over the first 15 years above the initial tax rate pledge to accommodate more QSCBs:

	Moderate Growth Estimate (\$28.70 Tax Rate)	Moderate Growth Estimate (\$30.00 Tax Rate*)	Moderate Growth Estimate (\$32.00 Tax Rate**)
Bond Sizing			
QSCBs	\$3,410,000.00	\$4,715,000.00	\$6,685,000.00
CABs	\$13,660,066.85	\$13,637,708.30	\$13,609,333.10
Total (\$)	\$17,070,066.85	\$18,352,708.30	\$20,294,333.10
Term of Bonds	35 years	35 years	35 years
Maximum Tax Rate	\$28.70 per \$100,000 AV	\$30.00 per \$100,000 AV	\$32.00 per \$100,000 AV
True Interest Cost	6.3452%	6.2728%	6.1740%

*Assumes \$30.00 per \$100,000 AV Tax Rate from 2011-2024

**Assumes \$32.00 per \$100,000 AV Tax Rate from 2011-2024

Pros

- Allows the District to issue more bonds to be issued overall.
- Using QSCBs is a good rationale to increase tax rates.
- Small changes can have significant overall savings to tax payers.

Cons

- Exceed the original promise to taxpayers potentially reducing support for future District bond measures.

Interim Financing

- Bond Anticipation Notes (BANs) offer the District the opportunity to borrow for a term of up to 5 years with the expectation the Notes will be repaid from a future G.O. Bond issuance.

Pros

- Allows the District to keep the facilities program going.
- If AV growth rates improve significantly and interest rates remain low, the District can benefit from being able to structure bonds with Current Interest Bonds.
- Potentially reduce the overall borrowing cost to the District if all future conditions are favorable.

Cons

- If AV growth remains stagnant (or begins to decline) it can create challenges to issuing General Obligation Bonds in the future.
- Interest rates may be higher in the future.
- Misses out on the Qualified School Construction Bond program.
- Two financings.

Cost of Issuance Comparison

- Because issuing a Bond Anticipation Note necessitates a second financing, it is a less cost-effective option with regard to the overall Cost of Issuance.

Lake Tahoe Unified School District Election 2008, Series A (2009) Costs of Issuance	
Expense	Fee
Jones Hall	\$ 62,500.00
Moody's Investor Service	15,600.00
Standard & Poor's	13,500.00
KNN Public Finance	80,000.00
KNN Public Finance	1,500.00
Bank of New York	1,800.00
Imagemaster	3,500.00
Cushion for unanticipated costs	5,395.36
Underwriter's Discount*	278,663.81
Total Costs of Issuance	\$ 462,459.17
*Underwriter's Discount equivalent to \$9.29 per bond	

Lake Tahoe Unified School District \$30 MM Bond Anticipation Note (2010) Costs of Issuance Estimate	
Expense	Fee
Jones Hall	\$ 50,000.00
Moody's Investor Service	11,300.00
Standard & Poor's	11,000.00
KNN Public Finance	65,000.00
Bank of New York	1,800.00
Imagemaster	3,500.00
Cushion for unanticipated costs	5,000.00
Future G.O. Bond Issue COI	450,000.00
Total Costs of Issuance	\$ 597,600.00
*Excludes Underwriter's Discount for BAN	