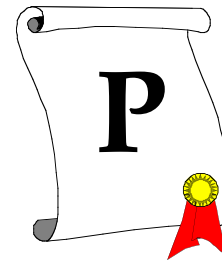


# Marysville Joint Unified School District



## Status of Series 2012 Bond Issuance Process



Presented by  
Jonathan Edwards  
August 28, 2012

# Agenda

- **Goals & Parameters For Bond Sale**
- **Projected Debt Service & Tax Levies**
- **Bond Sale Methods**
- **Disclosure**
- **Bond Issuance Schedule**



# Goals & Parameters For Bond Sale

## ■ Goals

- Issue all or as close to all of the remaining bond authorization (\$12,566,223) as possible
- Have as much of the issuance expenses covered by the underwriter as possible
- Have bonds be callable after 10 years

## ■ Parameters

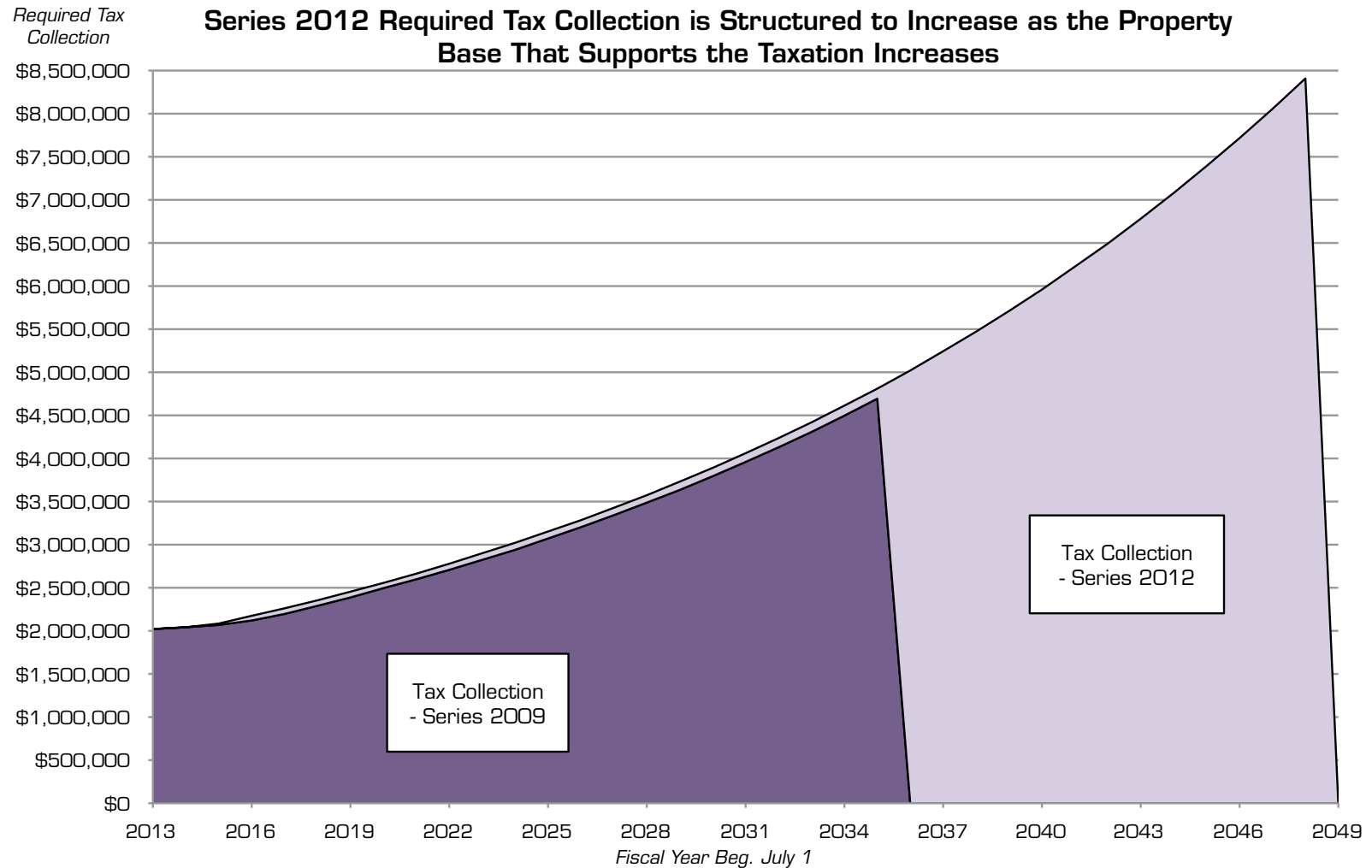
- Maximum bond term - 40 years
- Maximum projected tax levy - \$60 per \$100,000 of assessed value

# Bonds & Property Taxes

■ **Bond tax rates = required tax collection ÷ total assessed value within District**

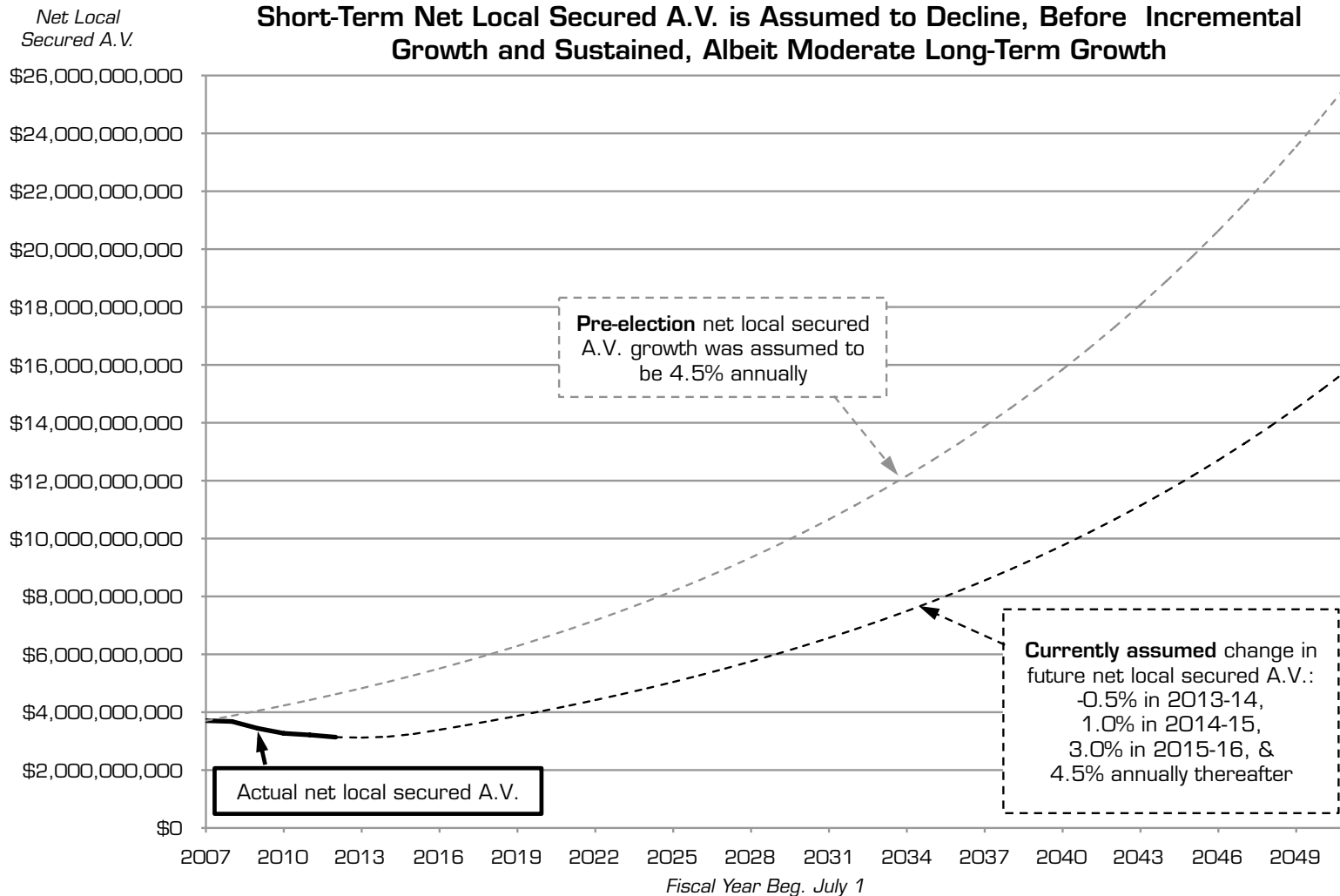
✓ *Each property pays its pro rata share, based on its individual assessed value*

# Required Tax Collection - Measure P



Series 2012 debt service based on assumed net local secured A.V. change of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

# Historical & Currently Assumed Future A V

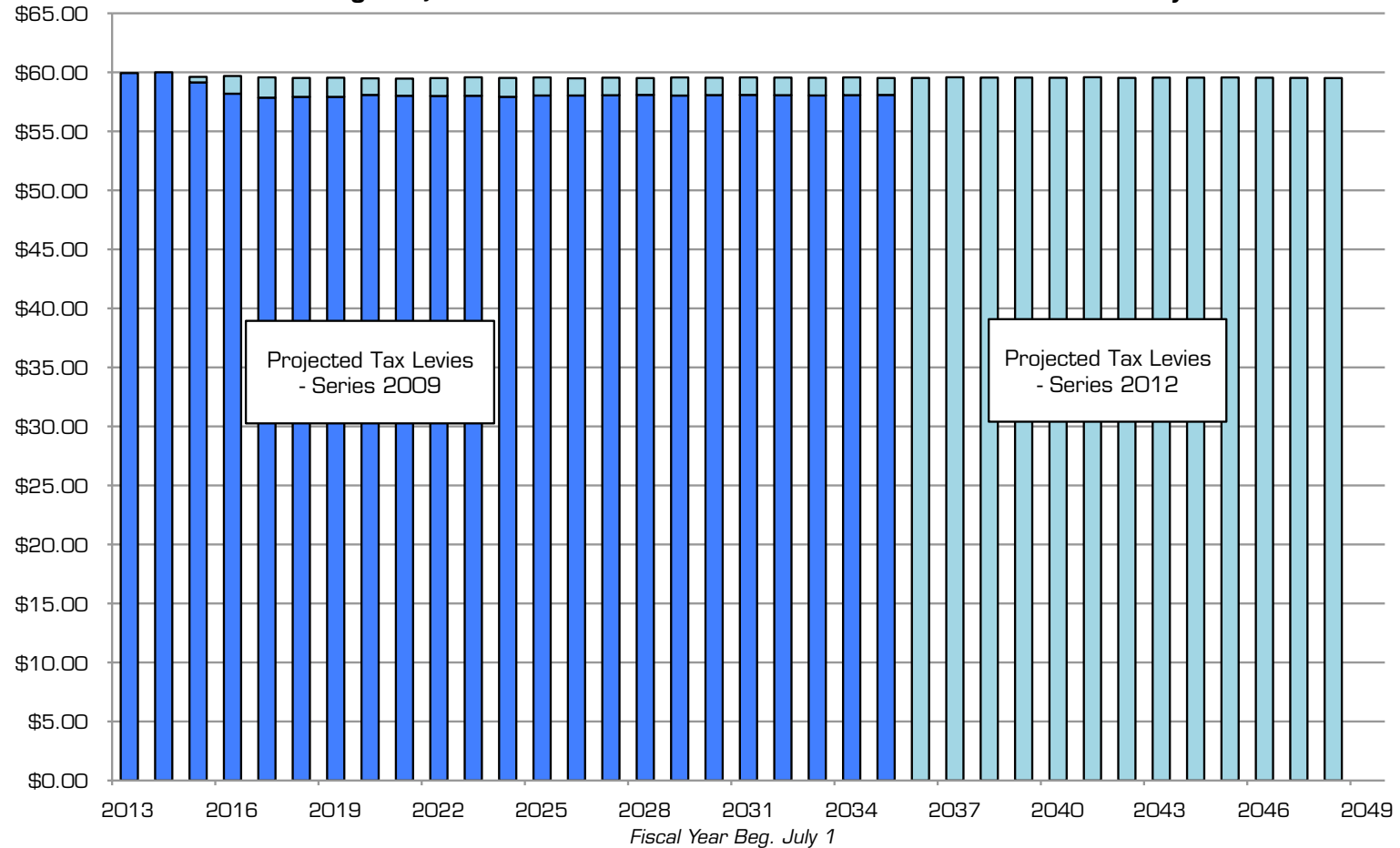


Historic assessed value provided by Yuba and Butte County Auditor-Controller's departments.

# Current Projected Tax Levies - Measure P

*Tax Levy per  
\$100,000 of A.V.*

**Series 2012 Bonds Structured Such That, Based on A.V. Assumptions, the  
Resulting Projected Measure P Tax Levies Do Not Exceed \$60 in Any Year**



Tax levies based on assumed net local secured change of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

# Summary of Series 2012 Projected Details

Legal Maximum Projected Tax Levy: \$60.00

Current Projected Maximum Tax Levy: \$59.58

Legal Maximum Bond Term: 40 years

Current Projected Bond Term: 36.75 years

Current Projected Bond Issuance Amount: \$12,566,105

Current Projected Bond Proceeds For Projects: \$12,566,105

Expected State Matching Funds: \$10,317,937

Total Funds For Projects: \$22,884,042

Current Projected Total Interest Over Term of Issue: \$72,578,895

Current Projected Total Interest in Today's Dollars(1): \$29,546,828

1. Assumes annual interest costs discounted at 3% annually.



# Bond Sale Methods

## ■ Competitive

- public auction where underwriters submit bids and the lowest-cost bidder is awarded the purchase. Bids are submitted by “trading desk.”

## ■ Negotiated

- an underwriter is selected prior to the sale and assists the issuer and financial advisor in the structuring and documentation, then purchases the bonds at a negotiated price (a function of underwriter’s discount and interest rate). Communication is through an investment banker, not a trader.

# **Recommended Bond Sale Method**

- **Generally, a competitive sale process is the financially optimal method for selling school district general obligation bonds**
- **However, we considered that a 40 year bond term (or near to it) might require a negotiated sale**
- **We researched the question with bond underwriters, and received positive feedback about a competitive sale**
- **Therefore, based on current market conditions, a competitive sale process is recommended**
- **If a competitive sale is unsuccessful in achieving the District's goals, a negotiated sale can be considered**

# Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT Dated October \_\_, 2012

NEW ISSUE  
DTC BOOK-ENTRY ONLY

S&P Rating: “\_”  
See “RATING” herein

*In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “Legal Matters - Tax Matters” herein.*



\$ \_\_\_\_\_  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(YUBA COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES 2012

DATED: Date of Delivery

DUE: August 1, as shown below

*The Marysville Joint Unified School District (Yuba County, California) General Obligation Bonds, Election of 2008, Series 2012 (the “Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_ are being issued in order to raise money for authorized school purposes and to pay costs of issuance. See “THE BONDS—General Obligation Bond Election of 2008” herein.*

*The Board of Supervisors of Yuba County is empowered and obligated to annually levy and collect ad valorem property taxes without limitation as to rate or amount on all taxable property in the Marysville Joint Unified School District (except for certain personal property which is taxable at limited rates) for the payment of Accreted Value of the Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.*

*The Bonds are being issued as capital appreciation bonds. The Bonds accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2012. See “THE BONDS” herein. The Bonds are subject to redemption prior to maturity. See “THE BONDS—Redemption Provisions” herein.*

*The Bonds are being issued as fully registered bonds, without coupons, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry-only form and only in authorized denominations, as described in this Official Statement. So long as Cede & Co. is the registered owner of the Bonds, payments of Accreted Value of the Bonds will be paid by The Bank of New York Mellon Trust, N.A. (the “Paying Agent”) to Cede & Co., as nominee for DTC, which is obligated to remit such amounts to the DTC Participants for subsequent disbursement to the Owners of the Bonds. See “THE BONDS—DTC Book-Entry Only” herein.*

*THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELEVANT TO AN INVESTMENT IN THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE NOT OTHERWISE DEFINED WILL HAVE THE MEANINGS SET FORTH HEREIN.*

MATURITY SCHEDULE

See Inside Cover

*The Bonds are being purchased for re-offering by \_\_\_\_\_, as Underwriter of the Bonds. The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York on or about October 31, 2012.*

This Official Statement is dated \_\_\_\_\_, 2012

\* Preliminary; subject to adjustment

# Purposes of Disclosure

- **Honest and fair dealing**  
(disclose all "material" facts)



- **Marketing**  
(present and future)



# **It is Important to Review the Disclosure**

- **Securities and Exchange Commission report (January, 1996) on the disclosure of Orange County in connection with the sale of municipal securities prior to its bankruptcy:**

**“In authorizing the issuance of securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may a public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading.”**

# Tips for Reviewing the Disclosure

## ■ In reviewing the Preliminary Official Statement:

- Format is based on the industry standard, for the convenience of the primary audience -- investors. Standard information is provided in standard fashion, which is often not in the best writing style.
- Providing too much information can obscure important points; however omitting information which might be material to an investment decision would be disastrous.
- It is better to bring something to our attention, so that it can be considered and discussed, rather than assume that we've already thought of it.

# Bond Issuance Schedule

- **September 25 - Board considers resolution authorizing issuance of bonds**
- **October 5 - Final comments on POS due**
- **October 17 - Bond sale**
- **October 31 - Bond closing - proceeds available**