

Mt. Diablo Unified School District

Series 2006 GO Bond Refunding Analysis

by

Isom Advisors, A Division of Urban Futures, Inc.

January 28, 2013

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Isom Advisors A Division of
URBAN FUTURES | Incorporated

2002 G.O. Bond Program Summary

Executive summary

Mt. Diablo Unified School District

- Voters in the District approved a \$250,000,000 bond authorization at an election in March 2002 by 65.4%.
- All of the bonds from the 2002 election have been issued based on the following issuance schedule:
 - *\$69.4 million in bonds in 2002, \$121.0 million in 2004, and the final \$59.6 million in 2006*
 - In Fiscal Year 2010-11, District refunded its 2002 bonds to save taxpayers \$4.7 million
 - In Fiscal Year 2011-12, District also refunded its 2004 bonds to save taxpayers an additional \$8.8 million
- Based on a continuing rally in the municipal bond market, historic low rates, and an early call provision on the 2006 bonds, District should consider refunding its 2006 bonds; **total taxpayer savings based on current interest rates is estimated to be \$7.2 million**
- The refunding of the 2006 bonds and the corresponding lowering of the tax rate will also further improve the District's ability to issue the 2015 new money bond within the projected tax rates

2013 Refunding Overview – the 2006 Series

Outstanding interest rates range from 4.000% to 4.570%

- Original Par Amount:

\$59,600,000

- Current Par Amount:

\$55,575,000

- Callable Par Amount:

\$50,995,000

- First Call Date:

June 1, 2014 @ 101%

- Callable Interest Rates:

4.000% - 4.570% (2014-2031)

- Average Life of Bonds:

15.139 Years

**NEW ISSUE
DTC BOOK-ENTRY ONLY**

**MBA Insured Rating: "AAA"
S&P Underlying Rating: "A"
See MATTERS' letter**

THE BOND IS OFFERED BY MT. DIABLO UNIFIED SCHOOL DISTRICT, CALIFORNIA, IN CERTAIN PROVISIONS OF THE PURCHASE AGREEMENT, AND NOT FOR PUBLIC SALE. NO PURCHASE AGREEMENT HAS BEEN MADE, AND NO PURCHASE AGREEMENT WILL BE MADE, WITH RESPECT TO THESE SECURITIES.

Additional information is furnished on individual and comprehensive sheets for the purpose of completeness. The characteristics of each series of bonds are described in the prospectus and in the general statement of trust created in the state of California, as it appears in the prospectus.

California permanent tax status. See "LEGAL MATTERS" in Letter to Investors."

\$59,600,000

MT. DIABLO UNIFIED SCHOOL DISTRICT[†]
(CONTRA COSTA COUNTY, CALIFORNIA)

GENERAL OBLIGATION BONDS
ELECTION OF 2002, SERIES 2006

DATES OF BIRTH
The Mt. Diablo Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2002, Series 2006 (the "Bonds") were issued on June 1, 2006, for \$59,600,000.

The Bonds are payable from the proceeds of all taxes levied by the Board of Education of the County of Contra Costa in which is taxable in Contra Costa without limitation or rate or amount on all taxable property in the District except for certain personal property which is taxable in Contra Costa on behalf of the District for the payment of the Bonds. See "SECURITY AND SOURCE OF PAYMENT - SECURITY FOR PAYMENT" below.

The Bonds are being issued at 100% of their principal amount, and will be delivered to the registered owner of the Bonds in the name of Circle A, C/o, all participants of the Bonds will be made in book-entry form and will be underwritten by Dresdner in their official statement. See "SECURITY AND SOURCE OF PAYMENT" below.

The Bonds will be held by the registered owner of the Bonds, principally for subsequent disbursement to the Owners of the Bonds, DTC, which is obliged to remit such amounts to the DTC Participants for subsequent disbursement to the Owners of the Bonds. See "THE BONDHOLDER'S DUTY" below.

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The individual payment of principal and interest on the Bonds, when due will be suspended under an insurance policy to cover payments with the delivery of the Bonds by Wells Fargo & Company.

THIS DOCUMENT CONTAINS CRUCIAL INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THESE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN ADDITIONAL INFORMATION. NO WARRANTY, EXPRESSED OR IMPLIED, IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO WARRANTY IS MADE AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

MATURITY SCHEDULE

Maturity Date	Interest	Coupon	Redeeming	Minimum	Interest	Coupon	Redeeming
	Interest Rate						
2009-1	5.000 %	3.530 %	-	4.300 %	10.000 %	4.300 %	10.000 %
2010	500,000	5,000	3,530	2020	\$ 1,345,000	4,320	4,320
2011	1,861,600	18,616	3,640	2021	1,260,000	4,300	4,300
2012	1,861,600	18,616	3,650	2022	1,220,000	4,300	4,300
2013	1,489,000	14,890	3,670	2023	1,220,000	4,340	4,340
2014	1,460,000	14,600	4,000	2024	1,173,000	4,300	4,350
2015	1,963,000	19,630	4,000	2025	1,000,000	4,300	4,300
2016	1,610,000	16,100	4,150	2026	925,000	4,300	4,300
2017	1,115,000	11,150	4,200	2027	457,000	5,000	4,470 C
2018	1,070,000	10,700	4,300	2028	4,083,000	5,000	4,400 C
2019	1,215,000	12,150	4,250	2029	4,083,000	5,000	4,300 C

\$26,325,000 of 4.000% Term Bonds due June 1, 2021; Yield 4.570% C

The Bonds are being purchased for reoffering by Circle A, C/o, as trustee. The Bonds are offered when and if issued and received by the U.S. Trustee, and are being offered as an investment vehicle. A copy of the Official Statement of the Bonds can be obtained from the Bonds' definitive firm, which consists of Dresdner, in New York, New York or at their office at 100 Broad Street, New York, New York 10004.

This Official Statement is Dated May 11, 2006

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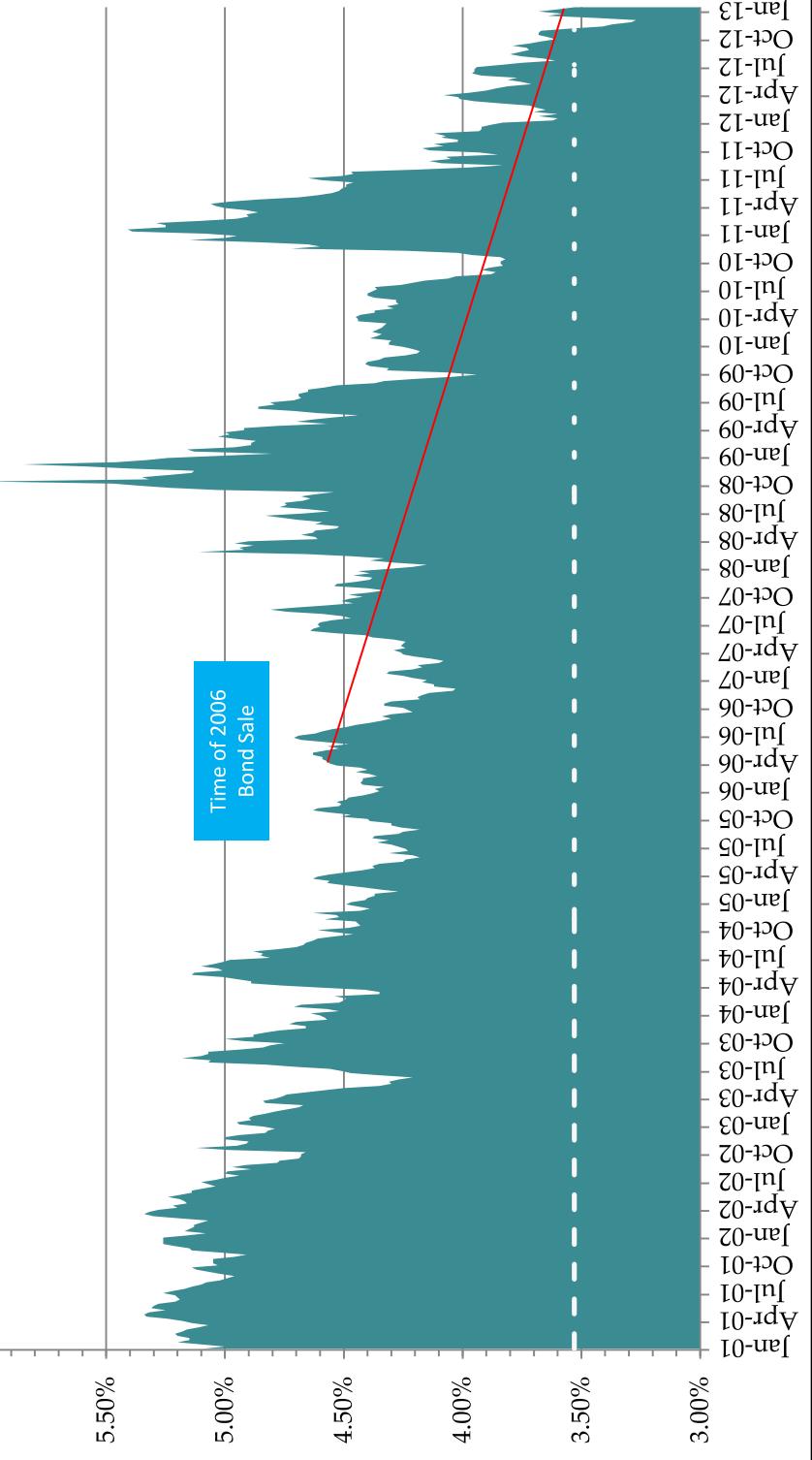
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2013 Interest Rate Environment

Historically low interest rates

Mt. Diablo Unified School District

Bond Buyer 20 Bond Index (January 1, 2001 to January 17, 2013)

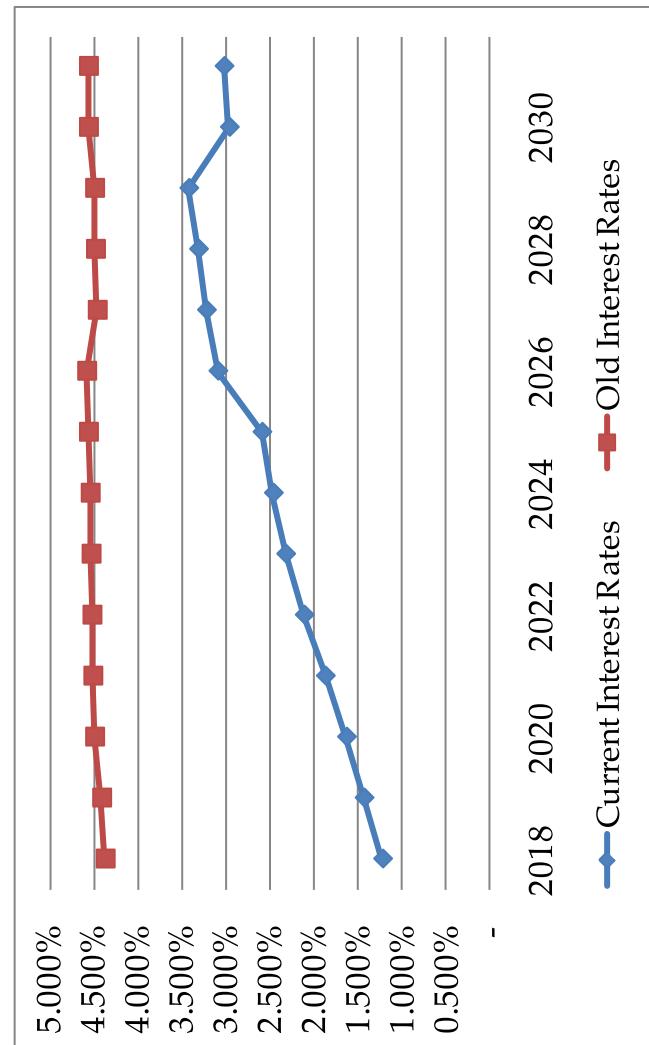


Comparing Interest Rates

Current rates are lower than 2006 bond rates

Mt. Diablo Unified School District

- Interest rates on the 2006 current interest bonds range from 4.380% to 4.570%
- Interest rates on the 2013 refunding bonds are estimated to be range from 1.230% to 3.430%
- This spread in interest rates is what generates the savings to the District
- True interest cost is projected to be 3.425%



2013 Refunding Savings

Series 2006 G.O. Refunding Savings Analysis

Mt. Diablo Unified School District

- Based on current interest rates, District taxpayers would save approximately \$7,246,000 in total savings by refunding the Series 2006 Bonds
- The industry accepted threshold for present value savings is a minimum of 3.00%. Based on current interest rates, the refunding would generate present value savings over 10.606%
- A sensitivity analysis to evaluate refunding bonds now vs waiting until March 2014 (90 days prior to the 6/1/14 call date) shows that rates could increase by 0.35% from today to provide an equal amount of taxpayer savings

	Date	New Debt Service	Existing Debt Service	Savings
	2013	2,777,346	2,813,590	36,244
	2014	3,841,541	4,155,680	314,139
	2015	3,293,541	3,607,680	314,139
	2016	3,286,679	3,600,818	314,139
	2017	3,338,329	3,652,468	314,139
	2018	3,236,499	3,660,638	424,139
	2019	3,233,499	3,655,913	422,414
	2020	3,207,999	3,634,275	426,276
	2021	3,165,999	3,593,250	427,251
	2022	3,103,249	3,526,550	423,301
	2023	3,015,749	3,440,300	424,551
	2024	2,914,749	3,340,400	425,651
	2025	2,785,999	3,212,525	426,526
	2026	2,630,999	3,058,025	427,026
	2027	6,264,149	6,688,250	424,101
	2028	6,042,944	6,469,750	426,806
	2029	5,809,744	6,235,500	425,756
	2030	13,886,750	14,311,250	424,500
	2031	13,571,250	13,996,500	425,250
Total		\$89,407,011	\$96,653,360	\$7,246,349
PV Savings			\$5,230,000	
PV Savings as %			10.606%	

2013 Refunding

Refunding structuring options

The options below illustrate the three most common refunding structures:

1

Level Savings

Debt service savings are approximately level in each year. Most common refunding structure.

2

Deferred Savings

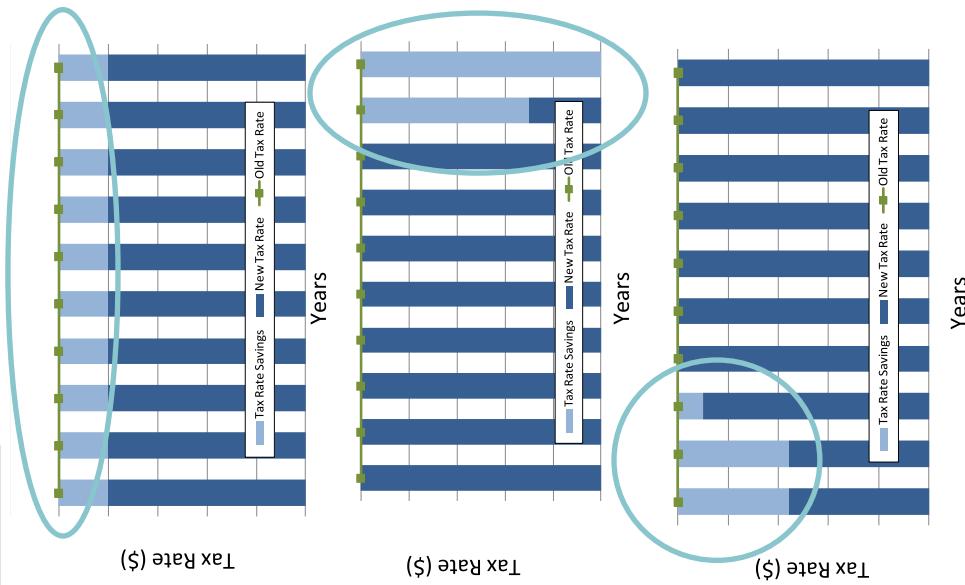
Deferred savings shortens the maturity of the bonds so that debt service savings are realized in the final years. Interest cost is the lowest of the three options, but the savings are not realized until later years.

3

Upfront Savings

Upfront savings provides near term debt service savings by deferring principal amortization. Interest cost is the highest of the three options, but the savings are immediate.

Mt. Diablo Unified School District



Timeline – 2013 Refunding

Refunding Schedule

Mt. Diablo Unified School District

Task	Responsible Party	Date
Legal Documents and Preliminary Official Statement are prepared and sent to District for Board Agenda	Bond Counsel	January 24
Board of Trustees approves resolution authorizing refunding and supporting legal documents for Series 2006 GO Refunding Bonds	District	January 28
Conference Call with Rating Agency to secure credit score	District/ Finance Team	February 4
Receive Series 2006 GO Refunding Bonds ratings from rating agency	Finance Team	February 12
Post Preliminary Official Statement	District/ Finance Team	February 15
Price Series 2006 GO Refunding Bonds	District/ Finance Team	February 20
Closing of Series 2006 GO Refunding Bonds	District/ Finance Team	March 6
Board Meeting to Discuss Refunding Results	District/ Financial Advisor	March 11