

Phil, Lee,

This past Thursday, I met with Gil Johnson for our monthly one-on-one to address various Pros S/ICOC matters. The notes apply:

. Prop MM Debt Service/Prop Fund S Assessment. Gil shared that Keygent provided a written analysis of the Prop MM Debt Service and Prop Fund S funding. We did not receive a similar document from Mark Young. The ICOC is seeking a written assessment from Mark. Please get with Ron to contact Mark about the need.

. Prop S Sales Analysis. Gil is aware that before all of the recent assessed value churn, the district was hoping to go to the markets in the near term to raise about \$140M. Gil believes that Ron Little may feel that the best we can do in the current environment is raise \$70M to \$90M. Gil has requested our thinking on what we would do if there were three scenarios for sales - \$20M, \$60M, and \$90M. How would we adjust the project schedule and staffing?

. School Closure Presentation to the ICOC. Gil would like you to brief the ICOC on the school closure/consolidation initiative. Please coordinate with him.

. School Closure Prop S Savings. Per a separate note, Gil has shared a draft ICOC position paper that opposes "recycling" school closure Prop S money back into the impacted cluster. He would like us to keep him updated on the staff/Board position on this matter.

Gil,
Please correct or clarify any of my comments to facilitate the conversation.

Thanks!

R/ Bill

Good morning, Bill/ Gil--

With respect to the first bullet point, Keygent provided an analysis of the District's proposed Prop S financing model developed by Mark Young for the upcoming issuance. Keygent shared some constructive recommendations with the ICOC Finance Subcommittee on September 29 and, consequently, the District is working closely with Mark Young to review our primary assumptions in the model. Further, in order to complete the financing model we still need a few key pieces of information that we are working at securing from the County. Concurrently, we are also researching and developing other strategies to ensure a bond issuance, whatever the size.

Once we have completed the model, we plan to share it (& a proposed plan) with the full ICOC, most probably at its November meeting. If we should happen to complete the model in the next week or so, we could share at the October ICOC meeting but at this point we are not on track to do so. I attempted to explain all this in my Memo to the Board and ICOC dated October 3. I've attached it here for your review. It also includes Keygent's presentation.

If the ICOC desires a (written) general assessment from Mark Young on current market conditions, I'm sure we can accommodate. Mr. Young did comment publicly on Keygent's presentation at the Sept 29 meeting and concurred with what they had to say about the current market environment.

As you are all well aware, this is really a case of "devil in the details."

The assumptions, and the actual level of the cash reserves, impact the District's capacity to service Prop MM Debt and issue more Prop S bonds.

Please let me know if I can be of further assistance.

Have a good Sunday.

Ron