



Release Date: Immediate

Contact: (PIO) Alan Trudell (714-663-6503)

GGUSD Given Strong Bond Ratings

Page 1 of 2

9-16-10

The pending "Measure A" school bond sale in the Garden Grove Unified School District cleared an important hurdle this week after the district was awarded favorable investment-grade ratings by Moody's Investors Service and Standard & Poor's.

Moody's assigned the GGUSD a high Aa2 rating, while Standard & Poor's issued an equally strong rating of AA- with a stable outlook.

Impressive bond ratings enable the district to save taxpayers millions of dollars in interest and provide more funds for use in school improvements financed through Measure A, the \$250-million school bond measure approved by GGUSD voters in June.

"We are very pleased with the bond ratings," commented Supt. Laura Schwalm. "The ratings place the district in a outstanding position to secure lower interest rates for our community and taxpayers.

"Our Board of Education has made prudent financial decisions in spite of a struggling economy and budget challenges. This is an endorsement of their conservative fiscal practices and wise stewardship for many years."

It is anticipated the initial bonds will be marketed and sold to investors later this month, with the sale closing and proceeds delivered to the district in October.

This first issuance governs the sale of \$130 million in general obligation bonds for school modernization projects, while a school board-approved resolution limits the sale to \$134 million in the event interest rates are lower than expected.

The upcoming bond sale reflects a combination of tax-exempt bonds (\$12.8 million) and Build America Bonds or BABs (\$117.2 million). Different from traditional tax-exempt bonds, BABs are a new financing tool from the federal American Recovery and Reinvestment Act of 2009.

Build America Bonds provide state and local government entities with funding at much lower borrowing costs, and the issuer receives a 35-percent rebate on each interest payment made.

(more)

Measure A bonds are paid by an assessment on property taxes within the district of approximately \$35 per \$100,000 of assessed valuation. The County of Orange is responsible for levying the bond assessment and collecting the revenue on behalf of the district.

Measure A, passed by district voters on June 8, authorizes \$250 million in bonds and enables the GGUSD to qualify for as much as \$200 million in matching state school bond funds for large-scale infrastructure repair and modernization projects.

Bond proceeds, coupled with state matching funds, will help finance such major improvements as renovating electrical circuitry, plumbing, lighting, roofing, intercom, and fire safety systems; improving energy efficiency; replacing doors, windows, and outdated heating and ventilation systems; updating playground safety matting; upgrading telecommunications systems to accommodate current technology; replacing restroom and drinking fountain fixtures; and retrofitting schools for better accessibility for the disabled.

Bond funds will be kept and monitored by the Orange County Treasurer, and will be subject to scrutiny by the new citizens' oversight committee, with annual independent audits open for public inspection.

Plans for Measure A modernization projects have been filed with the state Office of Public School Construction and the Division of the State Architect. Pending state approvals and funding, the bond projects are expected to begin next year.

For additional information, call the district's Public Information Office at (714) 663-6503, or go online to the 'Measure A' link from the GGUSD website, or navigate directly to www.ggusd.us/measurea.html. Measure A questions may also be directed by e-mail to askmeasurea@ggusd.us.

The Garden Grove Unified School District serves most of Garden Grove and portions of Santa Ana, Westminster, Fountain Valley, Cypress, Stanton, and Anaheim.