



Kids, the Environment and Safe and Livable Communities



County of San Diego

Rating Agency Presentation

January 5, 2005



Kids, the Environment and Safe and Livable Communities

Introductions

County of San Diego Presenters

- Donald F. Steuer, Chief Financial Officer
- Tracy Sandoval, Assistant Chief Financial Officer/Auditor and Controller
- Janel Pehau, Director, Office of Financial Planning
- Carlos Arauz, Director of Human Resources
- Dan McAllister, Treasurer-Tax Collector
- Terry Hogan, Finance Director, Health & Human Services Agency (HHS)
- Lisa Keller-Chiodo, Capital Finance Manager



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Introductions

Additional County Resources

- Sandra Parker, Deputy Treasurer
- Dan Kelley, Assistant Treasurer-Tax Collector
- Rob Castetter, Chief Investment Officer
- John McTighe, Director, Department of General Services
- Charles Nares, Deputy Director of Human Resources

Financing Team

- Catherine Bando, Financial Advisor - RBC Dain Rauscher
- David Johnson, Senior Managing Underwriter - Bank of America



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- Management Update
- Financial Overview
- Human Resources Update
- County Retirement Program
- Economic Overview & Highlights
- County Investment Pool
- Long-Term Obligations
- Proposed Financings
- Closing Remarks



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Management Update

Donald F. Steuer



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Environment Scan

- State Economy
- Categorical Program Impacts
- Property Tax Shift
- Rising Cost of Benefits
- Firestorm Impacts



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It Starts with Strategic Planning

- Cornerstone of the General Management System
- Kids, The Environment, Safe and Livable Communities
- Strategic Plan drives solvency
- Solvency enables the setting of priorities
- Adhere to required disciplines
 - Solid support mechanisms
 - Accountability/Transparency



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What Outcomes Do We Want to Achieve

- Ensure Structurally Balanced Budgets – Fiscal Discipline
 - Match Ongoing Expenses with Ongoing Revenues
 - Use One Time Money For One Time Needs Only
 - Institutionalized Policies
- Maintain Prudent Reserves
- Cut Overhead Costs and Redirect Savings to Front Line Services

.....vs. The Outputs That We Produce



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How Do We Get There? Planning

- Define Program Priorities – Mission Critical Services
- Know Your Cost Centers & Cost Drivers
- Identify Risks
- Anticipate Emergent Issues – Strategic Planning
- Understand Your Political Environment
- Develop a Plan That You Can Execute
- Focus Efforts on What Should Be Measured-Desired Outcome
- Meet and Monitor



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What Are the Key Measures/Outputs?

- Customer Satisfaction North of 95%
- Pension Funded Ratio North of 80%
- Long Term Debt Ratio South of 5%
- Fund Major Maintenance at \$15M/Year
- Manage FTE Growth
- Maintain Prudent Reserves
- Reduce Worker's Comp Costs
- Maintain/Improve Investment Pool Rating
- Maintain Media and Labor Relations



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Desired Outcomes

- Meet or Exceed Needs/Expectations of County Residents
- Maintain Fiscal Discipline
- Maintain Financial Solvency



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Financial Overview

*Janel Pehau and
Tracy Sandoval*



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Financial Overview

➤ 2004-05 Budget

- Impact of VLF/Property Tax Shift
- Financial Outlook

Janel Pehau

➤ June 30, 2004 Unaudited Results

- Five Year Financial Trends
 - Revenues, Discretionary Revenues and Expenditures
 - Fund Balance and Reserves

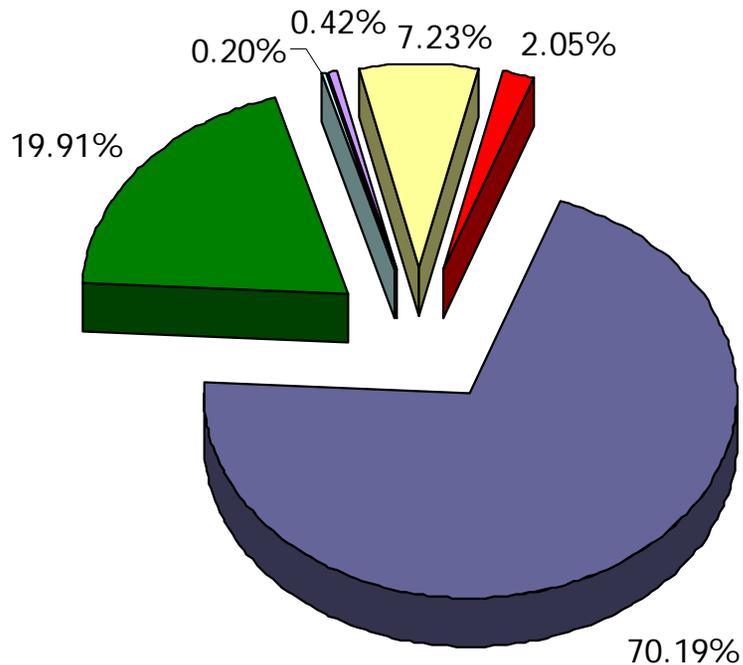
Tracy Sandoval



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FY 2004-05 Adopted Operational Budget – All Funds

\$ 4.088 Billion



■ General Fund

The County's primary operating fund

■ Special Revenue Funds

Accounts for proceeds of specific revenue sources that are legally restrict to expenditures for specified purposes

■ Capital Funds

Accounts for financial resources to be used for the acquisition or construction of major capital projects

■ Enterprise Funds

Accounts for operations that are operated in a manner similar to private business enterprises

■ Internal Service Funds

Accounts for goods or services provided by one department to another.

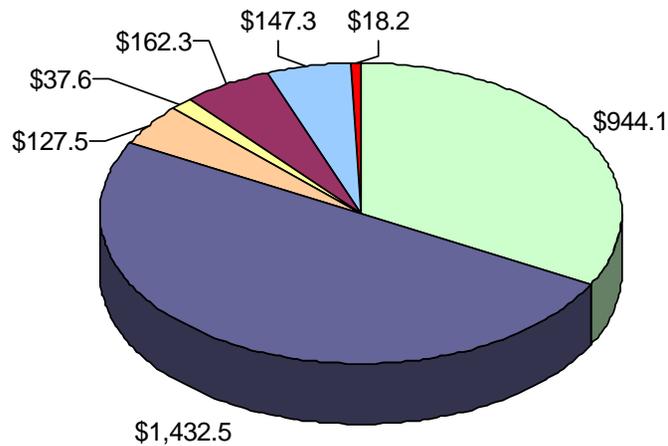
■ Special District, Redevelopment & Debt Service Funds



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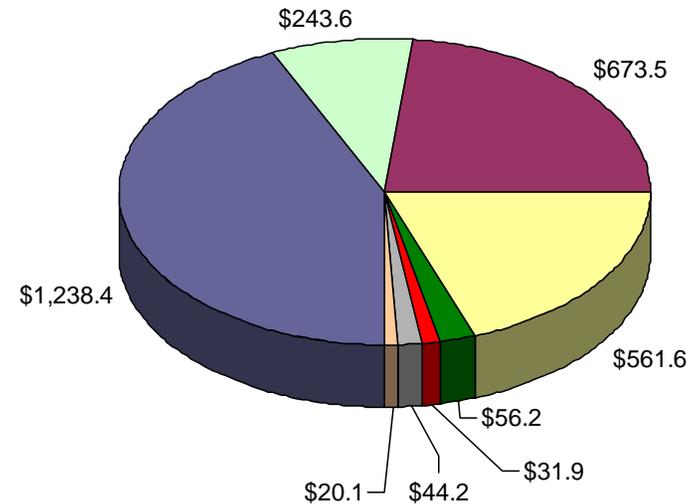
FY 2004-05 General Fund Adopted Operational Budget - \$2.9 billion

Appropriations (in millions)



- Public Safety
- Land Use & Environment
- Finance & General Government
- Contingencies and Designation
- Health & Human Services
- Community Services
- Finance Other

Revenues (in millions)



- Current Property Taxes
- Licenses, Permits & Franchises
- Use of Money & Property
- Charges for Current Service
- Other Taxes
- Fines & Forfeitures
- Intergovernmental Revenue
- Other Revenues

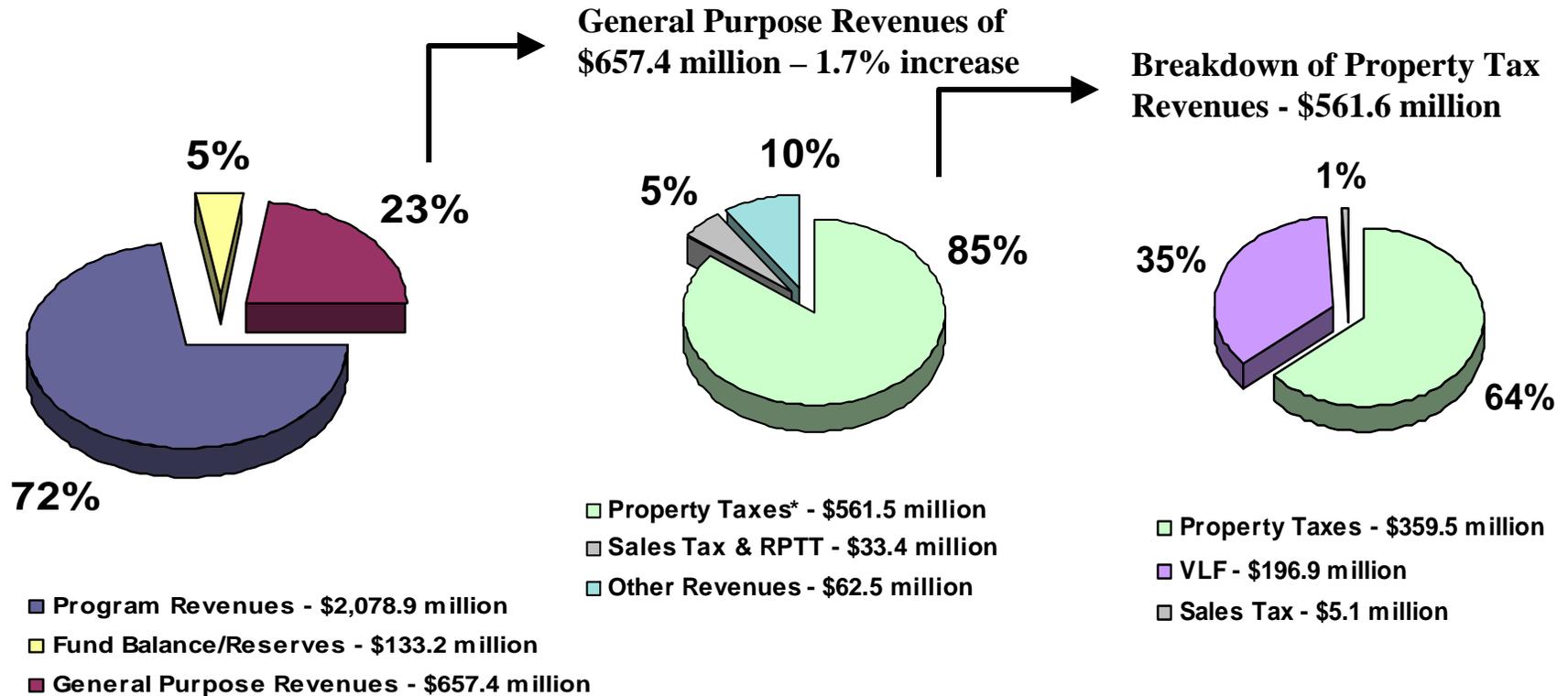
(Other, Fund Balance, Misc. Revenue & Reserve/Designations)

Source: County of San Diego Operational Plan Fiscal Years 2004-05 & 2005-2006



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General Fund Revenue Composition – By Source



** Effective in the FY 2004-05 State Budget, all general purpose Vehicle License Fee (VLF) revenue and 25% of Sales Tax revenue are now swapped for property tax revenue.*

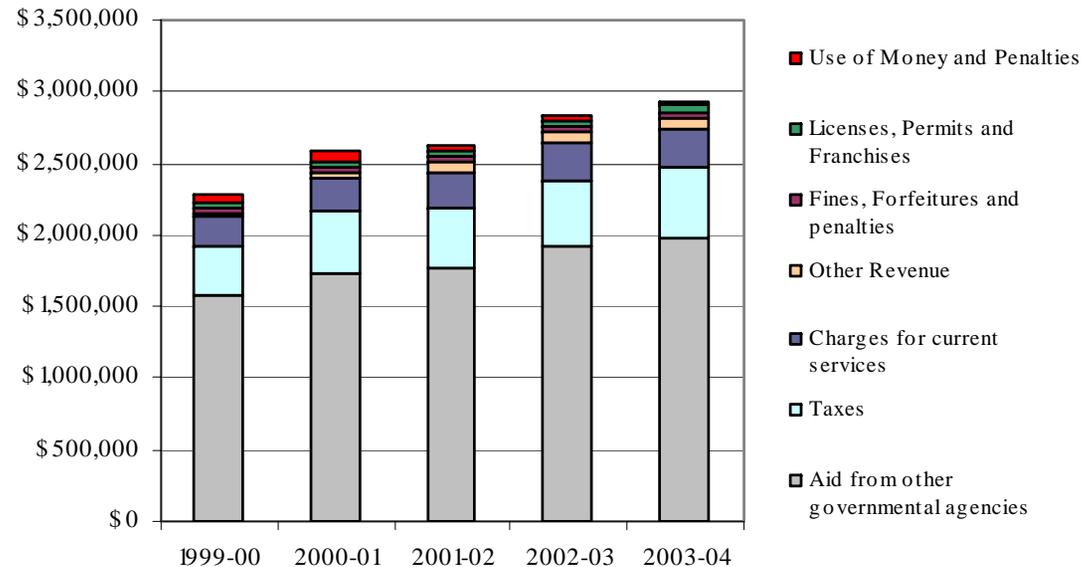


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Five Year Financial Trends – Governmental Revenues ('000)

(Governmental Funds include the General Fund, Tobacco Securitization Special Revenue Fund, Tobacco Securitization Joint Special Revenue Fund and Non Major Governmental Funds including Special Revenue, Debt Service and Capital Project Funds).

Revenues by Source	1999-00	2000-01	2001-02	2002-03	2003-04
Taxes	344,393	432,468	409,969	446,835	497,178
Licenses, Permits and Franchises	31,796	34,796	37,808	39,335	42,252
Fines, Forfeitures and penalties	36,235	40,139	39,691	41,236	46,495
Use of Money and Penalties	48,519	74,244	45,567	40,733	25,867
Aid from other governmental agencies	1,575,013	1,739,153	1,771,123	1,930,261	1,972,195
Charges for current services	209,400	223,296	251,018	266,574	277,637
Other Revenue	28,782	37,214	70,203	70,065	65,913
	\$ 2,274,138	\$ 2,581,310	\$ 2,625,379	\$ 2,835,039	\$ 2,927,537

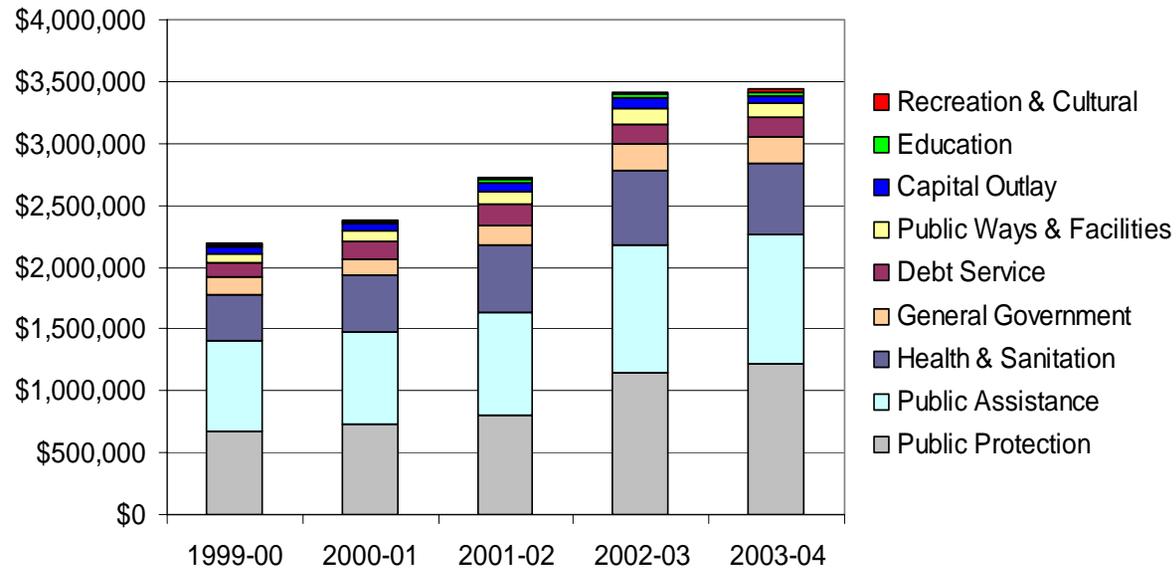




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Five Year Financial Trends – Governmental Expenditures ('000)

Expenditures	1999-00	2000-01	2001-02	2002-03	2003-04
General Government	150,879	136,714	156,517	209,874	216,183
Public Protection	667,565	728,212	809,185	1,145,171	1,216,276
Public Ways & Facilities	72,721	83,932	95,936	123,202	115,069
Health & Sanitation	370,379	454,628	548,627	600,525	562,657
Public Assistance	737,284	747,430	827,229	1,037,467	1,053,545
Education	14,263	18,621	24,005	31,013	31,308
Recreation & Cultural	12,393	13,102	16,514	20,805	24,702
Capital Outlay	55,239	57,723	72,341	83,748	54,958
Debt Service	110,221	140,000	169,311	162,593	166,769
	\$ 2,190,944	\$ 2,380,362	\$ 2,719,665	\$ 3,414,398	\$ 3,441,467





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Fund Balance
(in millions)

	FY 2000-2001 (Audited)	FY 2001-2002 (Audited)	FY 2002-2003 (Audited)	FY 2003-2004 (Unaudited)	FY 2004-2005 (Projected) **
Group Balances	\$146.1	\$125.2	\$153.5	\$139.1	\$24.6
General County Balances	<u>71.9</u>	<u>109.4</u>	<u>115.5</u>	<u>76.3</u>	<u>19.6</u>
Fund Balance Available/Undesignated *	\$225.9	\$234.6	\$269.0	\$215.4	\$44.2
County General Reserve	\$50.0	\$53.0	\$55.5	\$55.5	\$55.5

* Balances for the year ended June 30, 2001 were significantly affected by the implementation of GASB 33, which requires equity that was previously classified in certain agency funds to be consolidated with the General Fund.

**As reported in the First Quarter Fund Balance Report. The First Quarter figures do not report un-appropriated prior year balances.

Fund Balance Available	
Public Safety	57.5
Health and Human Services Agency	4.8
Land Use & Environment	19.9
Community Services	8.3
Finance & General Government	48.6
	<u>139.1</u>



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Conservative Budgeting & Strong Financial Performance (in millions)

	FY 2000-2001	FY 2001-2002	FY 2002-2003	FY 2003-2004	FY 2004-2005
Projected Net Savings versus Adjusted Budget(1)	\$115.0	\$151.8	\$189.0	\$135.0	\$44.2
Actual Year-End Undesignated fund Balance (Audit) (2)	\$225.0	\$234.6	\$269.0	\$215.4	TBD

(1) *Third Quarter Fund Balance Report for each respective fiscal year except for FY 2004-05 which is based on First Quarter Fund Balance Report.*

(2) *The FY 2003-04 Actual Year-End Undesignated fund Balance is Un-audited.*



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County has significant reserves and financial flexibility

Projected Reserves and Resources (in millions)

General Reserve	\$	55.50
General Fund Contingency Reserve - Operations		15.60
Agency/Group Management Reserves		11.65
Debt Service Reserves		23.39
Environmental Trust Fund Reserve		84.12
Tobacco Securitization Endowment Fund		346.50
Workers Compensation Reserve		34.00
Public Liability Reserve		19.50
Total County Reserves and Resources	\$	<u>590.26</u>



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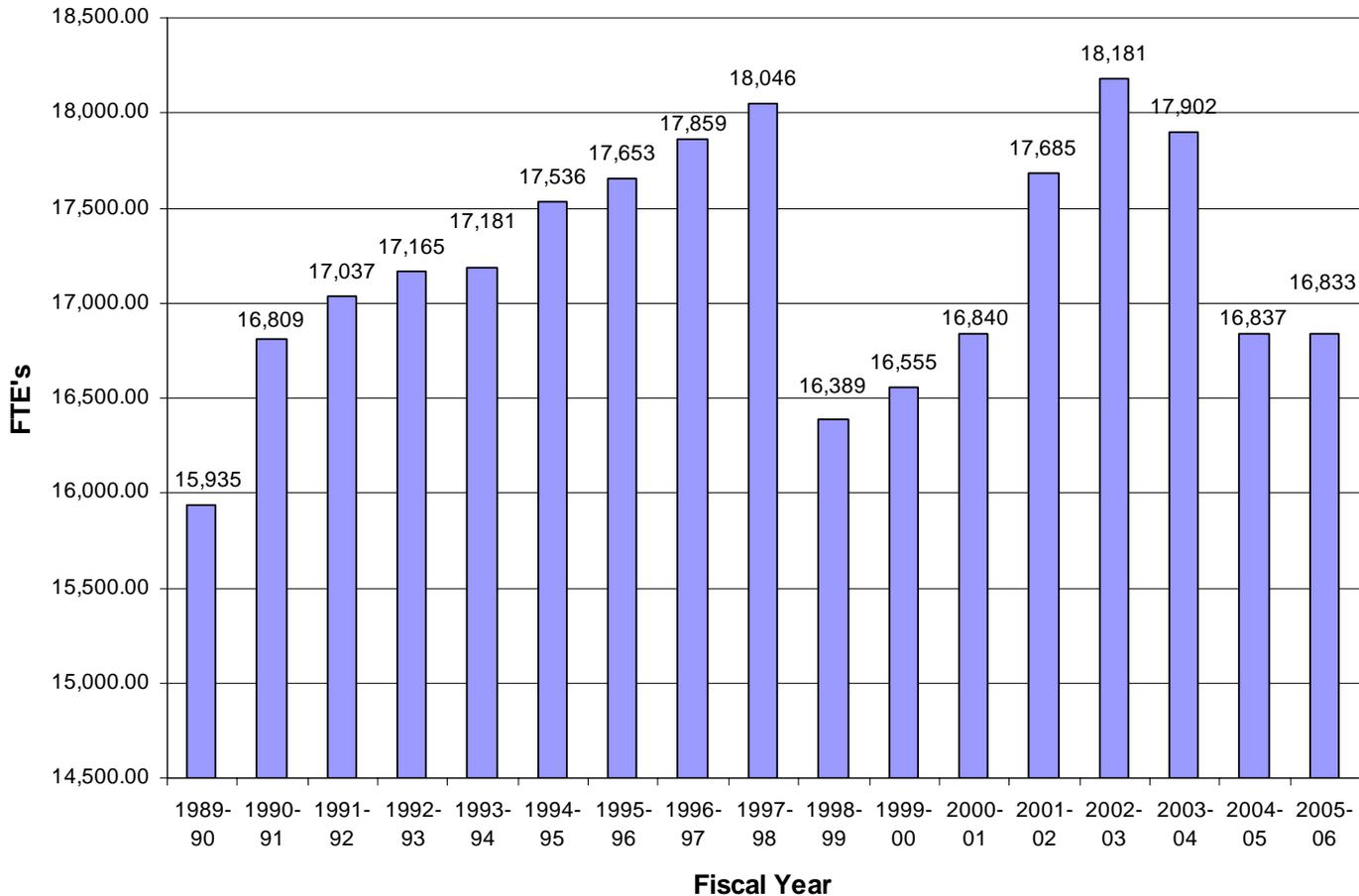
Human Resources Update

Carlos Arauz



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Human Resources Update



- Staff Reductions
FY 2004-05
 - 1365 Positions Eliminated
 - 44 Layoffs



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Labor Negotiations & Contracts

- Negotiations
 - Eight Unions
 - 24 Bargaining Units
- Contracts
 - 13,500 Employees covered by MOUs through June 2006
 - Deputy Sheriff's Association & District Attorney Investigators agreements through June 21, 2007



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Health Care Benefit Costs

➤ Mitigation Strategies

- Cost Sharing
 - Increase co-payments and deductibles
- Plan Design Changes
 - Consider dual option plans (rich and reduced benefits), tiered prescription plans, etc.
- Health Care Task Force
 - Provide ongoing education and feedback about trends and plan performance to employer groups
- Wellness Program
 - Target chronic, high cost diseases



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Post Employment Benefits

- COBRA
 - 100% member-funded continuation of benefits for up to 36 months
- Vested Retirement Benefits
 - Provided for under 1937 Retirement Act Law – amount of benefits are determined by formulas adopted by Employers
 - Funded by County and employee contributions and earnings of the trust fund
 - Benefits include service retirement, disability retirement, death benefits, and COLA
- Ancillary, Non-vested Retirement Benefits
 - Provided for under 1937 Retirement Act Law under the sole discretion of the Retirement Board
 - Funded by excess earnings of the trust fund
 - Benefits include Retiree Health Benefits, STAR COLA, and Ad Hoc benefit increases (not currently being used)



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County Retirement System

Dan McAllister & Don Steuer



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SDCERA PENSION PLAN FACTS

Size of Fund	\$ 6.1 Billion*
Participants	
Active	17,340
Deferred	4,508
Retired	11,115
Total Members	32,963
DROP (Deferred Retirement Option Plan)	No
ARC (Additional Retirement Credit)- Employee purchase of service	No
13th Check	No
Retirement Board Size	9
Authority	1937 Retirement Act
Rating	S & P AA+
Funded Ratio	81.1%**
Unfunded Liability	\$ 1.2 Billion**

* Value of Assets in Fund as of November 30, 2004
 ** Per the Actuarial Valuation and Review as of June 30, 2004



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SDCERA Highlights

- The Board of Supervisors and San Diego County are SDCERA's sole plan sponsor;
- The County is in a very strong financial position due to long term strategic plan and responsible spending;
- The funds strength comes from continued vigilance, prudent fiscal accountability and responsibility that the Board of Retirement (SDCERA) has exercised in the administration and growth of the fund;
- The County contributed more than \$260 million on behalf of its members this year alone;
- County issued in June 2004 \$454 million in Pension Obligation Bonds (POB's). Proceeds from the bond sale have now been added to the pension fund;
- POB's issued in 1994 (\$430 million – Economically defeased as of September 30, 2004; 2002 (\$737 million) and 2004 (\$454 million);
- The Board of Supervisors was responsible for approval and issuance of the pension obligation bonds to further reduce the unfunded liability of the fund



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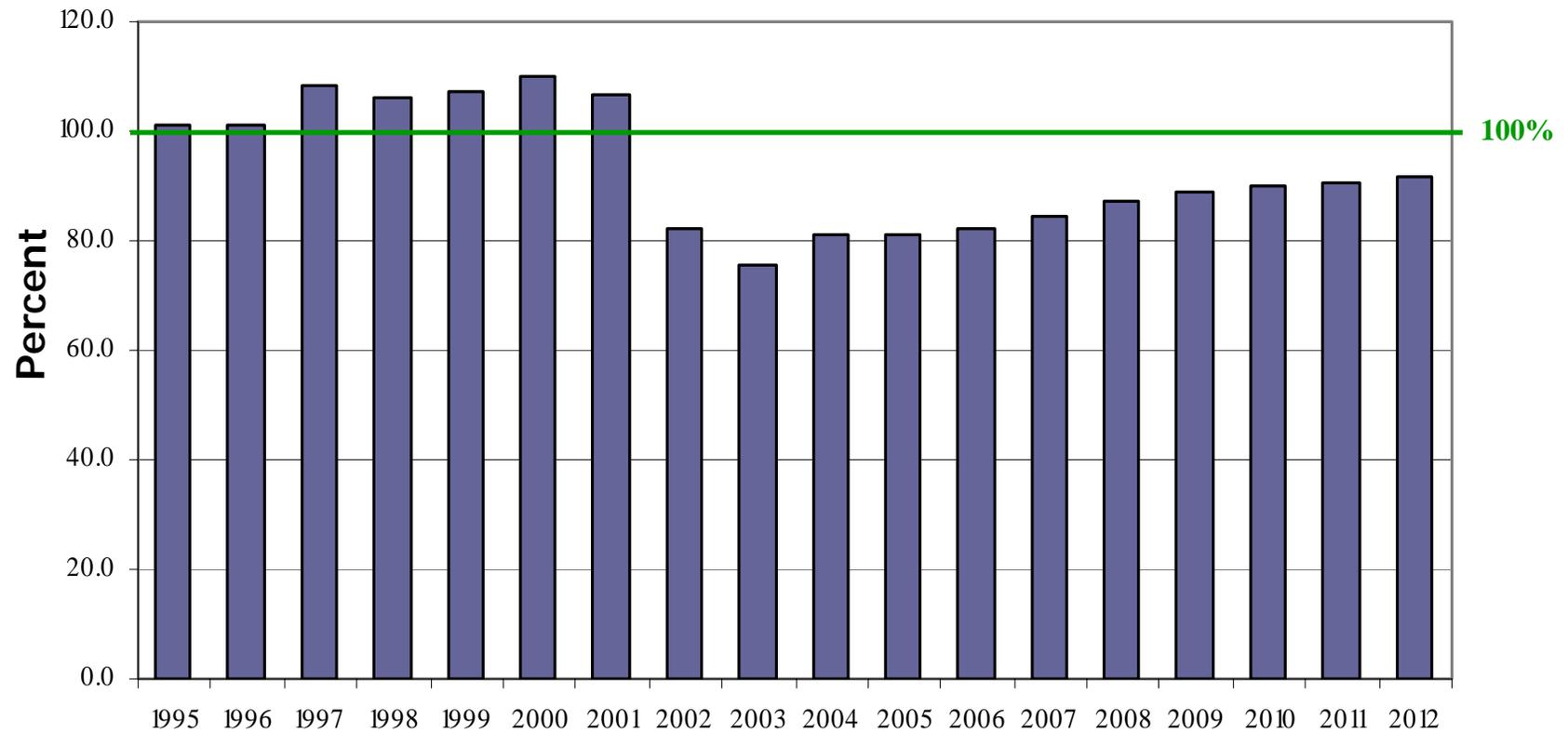
Update 2004 POB issuance

- Issued \$454 million of 2004 POBs
- Structured with variable and fixed rate instruments
- \$450 million of proceeds deposited with the SDCERA as of June 30, 2004 and reflected in the June 30, 2004 actuarial valuation
- 5.29% Total All-In Cost, compared to the 8.25% assumed rate of return on the fund
- Created approximately \$132 million in present value savings to the County
- Created approximately \$40 million in reduced required contributions to SDCERA



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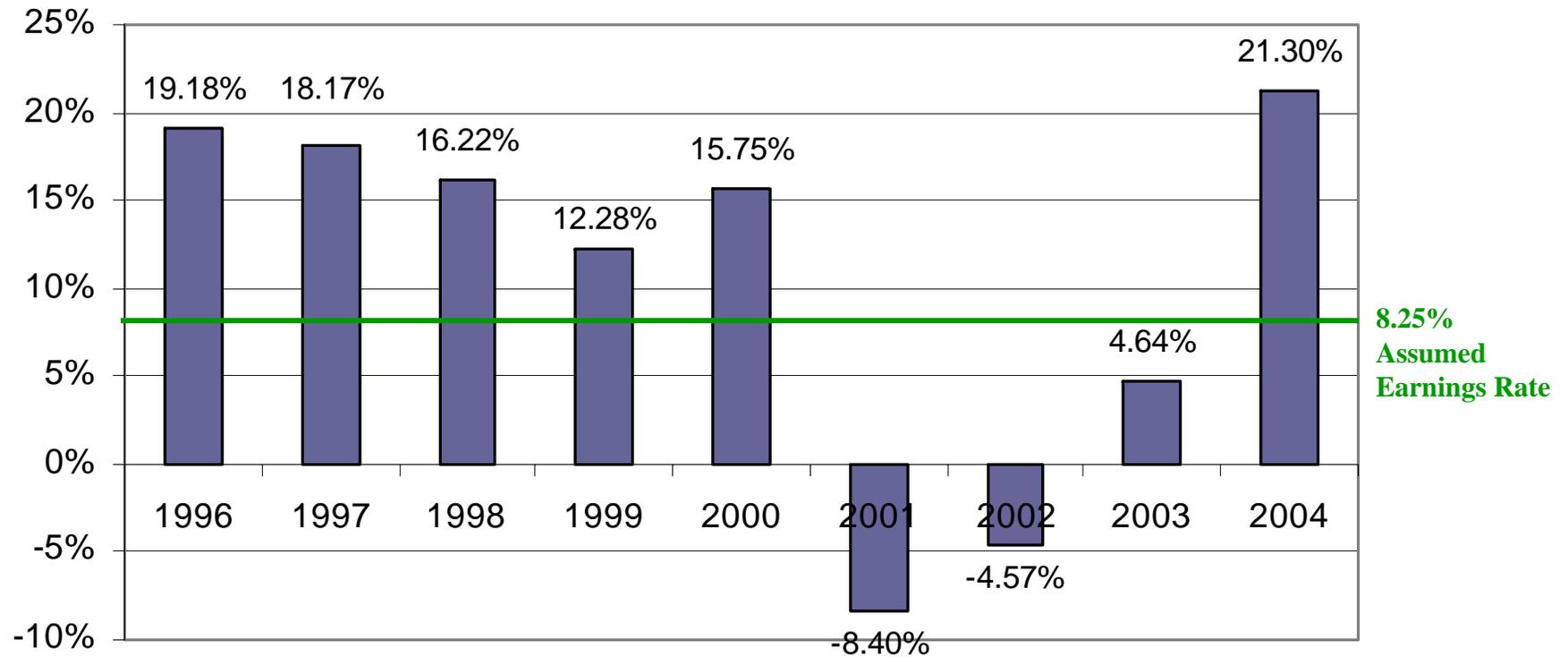
Historical and Prospective Funded Ratios





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Investment Performance





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Economic Overview & Highlights

Dan McAllister



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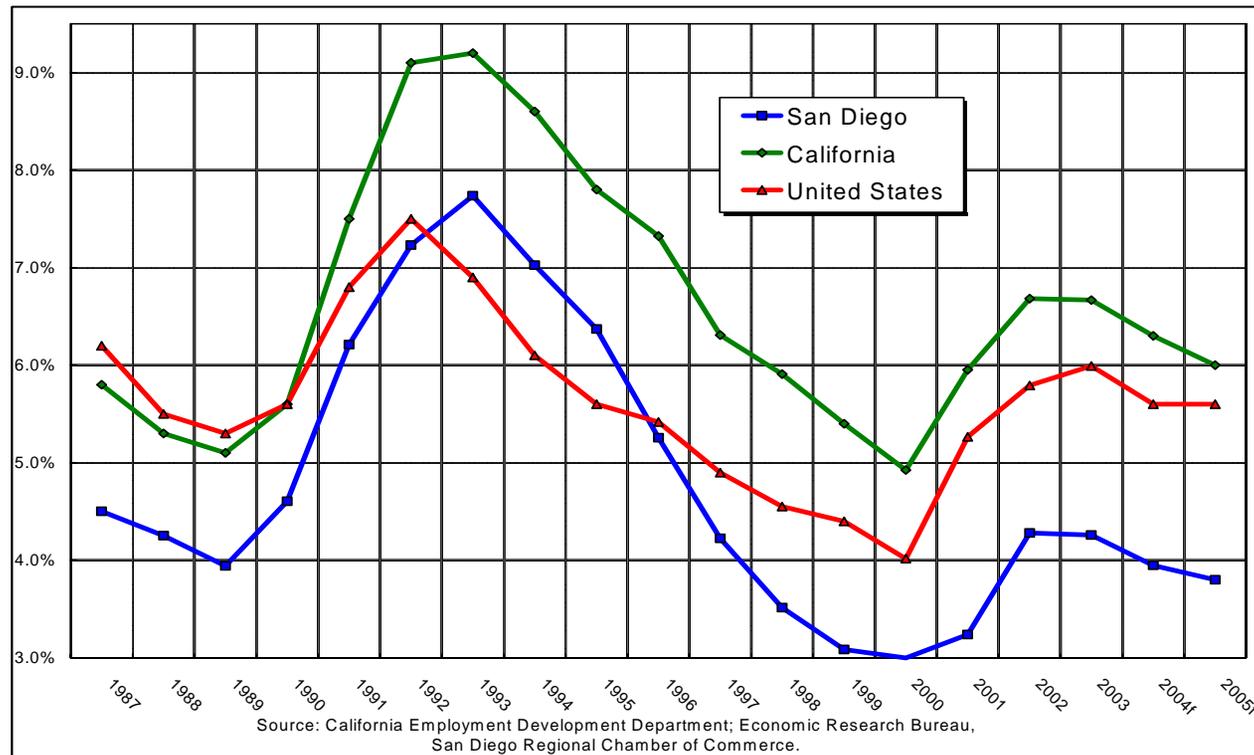
San Diego is a Place People Want to Go

- Milken Institute's 2004 report names San Diego the Nation's Top Biotech Center
- San Diego, among the Milken top 10, is "one of the few technology centers that managed to avoid recession, a testament to its technology sectors and large military presence."
- San Diego – 159 of every 1,000 private sector jobs is in the high-tech industry (twice the state-wide ratio and 3.5 times the national concentration)
- The multi-billion dollar visitor industry is San Diego's third largest economic sector. Visitors spent \$4.3 billion during the period ending 9/30/04
- The San Diego Region is a leading area for Venture Capital Investment (rated 7 out of 18) Fiscal Year 2004



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Comparison of Unemployment Rates

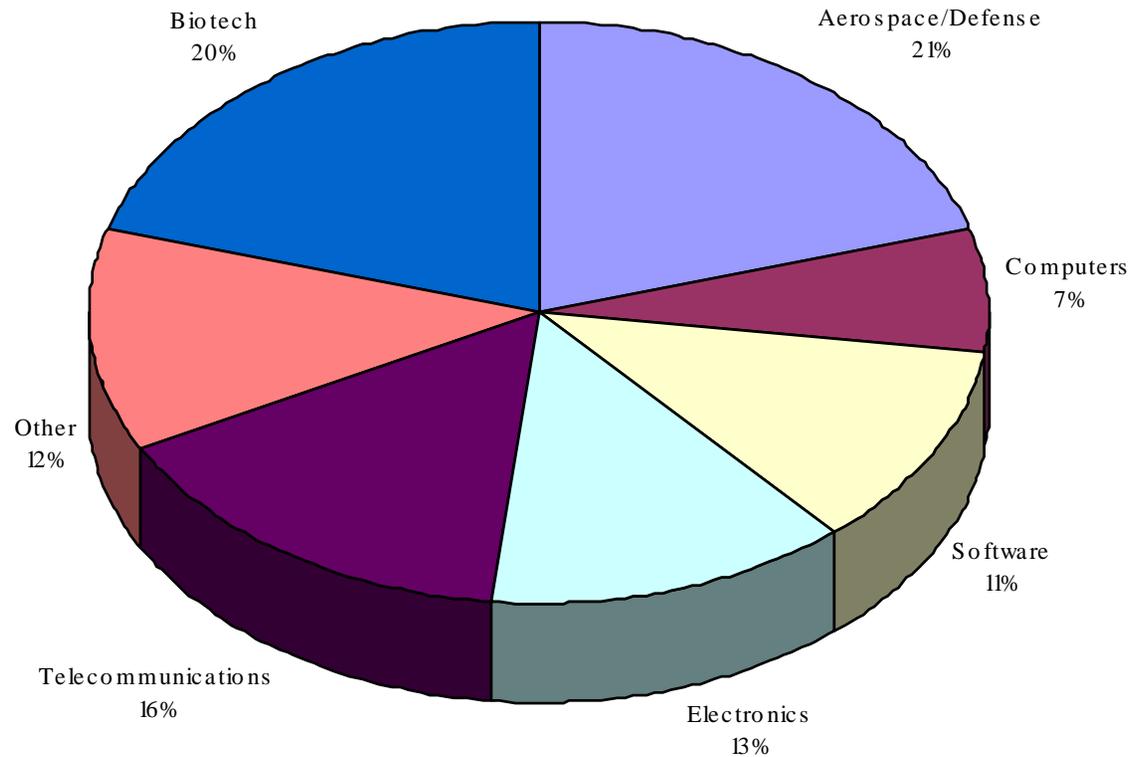


- Statewide job growth
- Strong job market, with County unemployment below State and National forecasts



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High-Technology Employment By Sector = 159,650 Jobs





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Economic Highlights

- San Diego County has experienced positive economic growth every year since 1994
- If San Diego were a separate country it would rank as the 30th largest economy in the world, equal in economic output to Finland
- San Diego has the largest number of military personnel in the nation
- Defense contracts increased making San Diego County #3 in the nation for procurement contract awards. Only Los Angeles, CA and Fairfax, VA ranked higher
- Inflation rate or cost of living increase among the highest in the nation primarily due to housing and utilities
- Construction Housing Boom
- Increase in Housing prices (Average Price Nov 2004- \$586,975; YTD- \$565,103)
- Property Tax Base has increased 9% a year since 1997



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County Investment Pool

Dan McAllister



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Investment Pool Strength and Stability

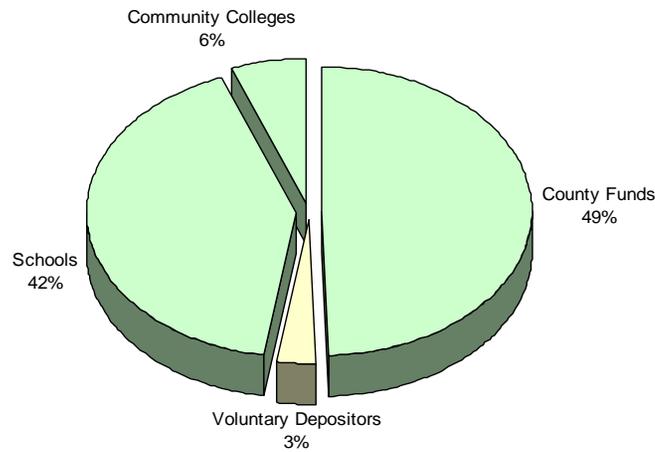
As of November 30, 2004

- Highly Liquid
 - Low weighted average maturity – 366 Days
 - 59% of securities mature within 1 year
- Portfolio focus is Safety, Liquidity, Return
 - Weighted average yield of 2.10%
- High Credit Quality
 - High credit quality (100% of securities are rated AAA or A-1/P-1/F-1)
 - Pool has been rated AAA by S&P every year since 1999
- Professionally managed – over 50 years of experience
- Strong cash flow model



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Key Pool Highlights – Pool Participants



- Mandatory Participants:**
- County of San Diego,
 - 43 K-12 school districts
 - Various special districts and accounts

• The 5 Community Colleges fall somewhere between Mandatory and Voluntary Participants. While they have the ability to invest funds outside of the County Treasury, they receive banking, checking, and investment services from the County.

- Voluntary Participants:**
- Cities
 - Fire districts
 - Water districts
 - Airport Authority
 - Other special districts

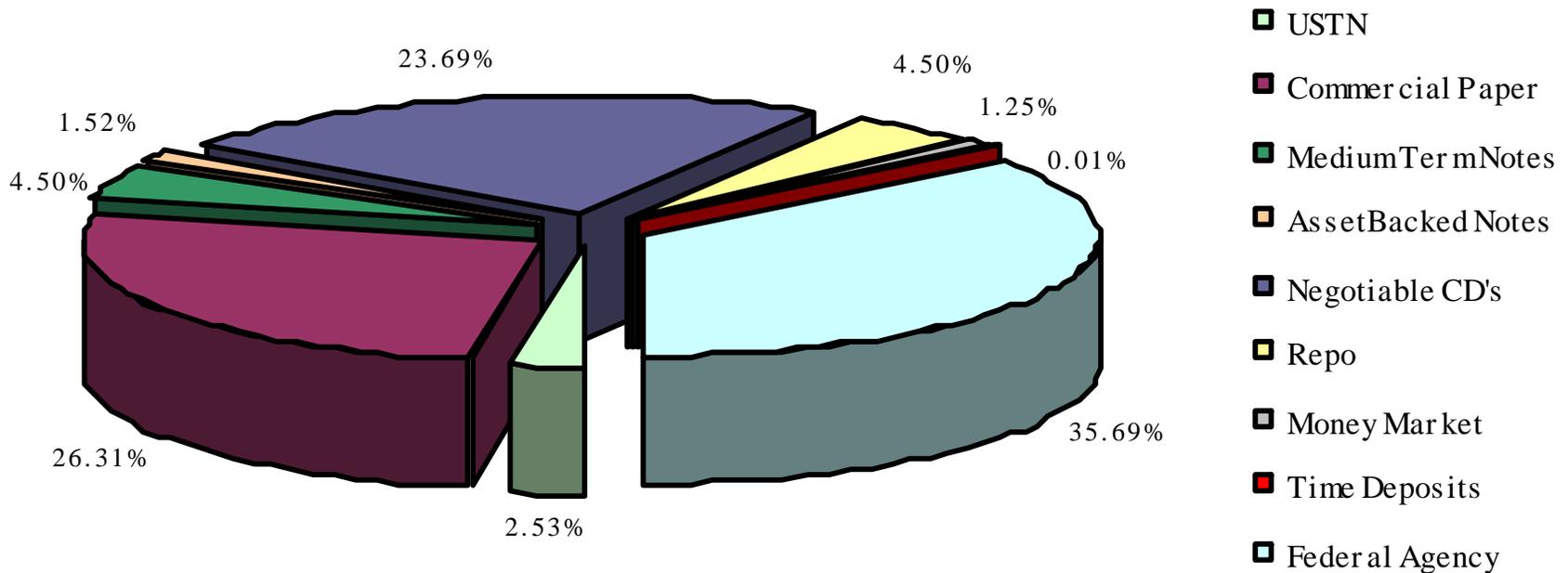
As of November 30, 2004



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Asset Allocation

As of November 30, 2004

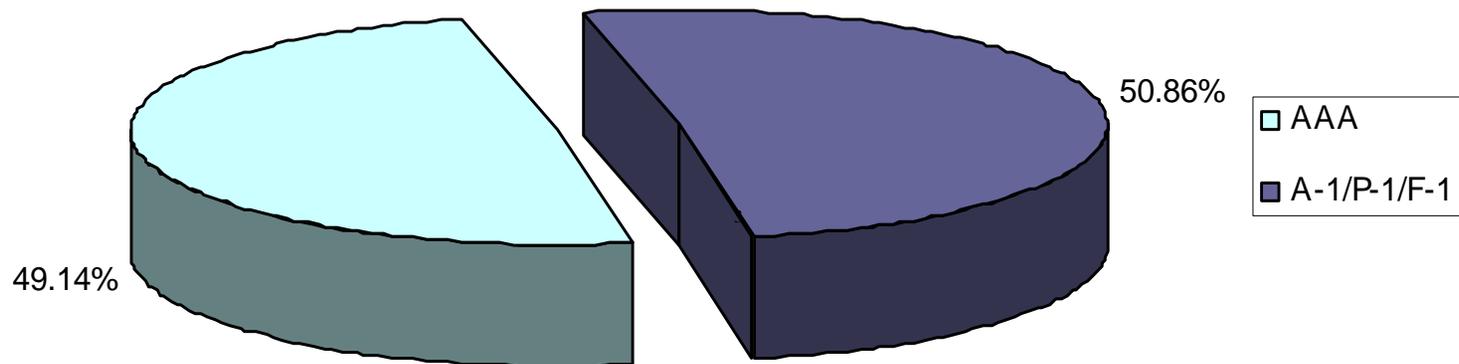




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Key Pool Highlights - Credit Quality

As of November 30, 2004



The Pool is limited to buying corporate and medium-term notes of issuers rated AAA or better when the maturity is beyond one year, whereas the Code allows for buying corporate and medium-term notes of issuers rated A or better. The following pie chart displays the percentage breakdown of credit exposure for the Pool



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Long-Term Obligations

Lisa Keller-Chiodo



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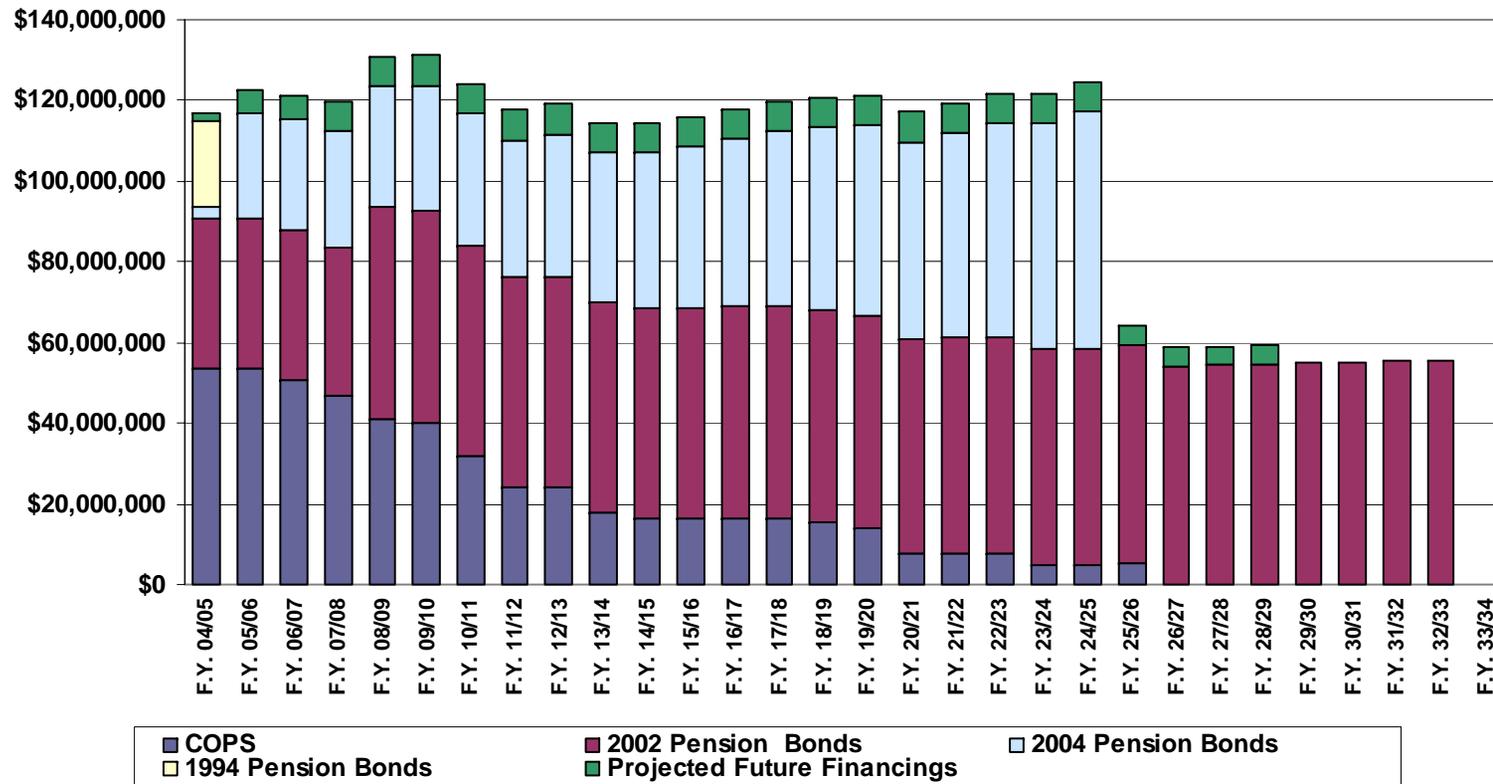
Long-Term Obligations

- Completed the issuance of the 2004 Taxable Pension Obligation Bonds
- Completed the economic defeasance of the 1994 Taxable Pension Obligation Bonds
- In-progress – Reallocation of county encumbered property from bond financings



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Long-Term Obligations Profile





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Long-Term General Fund Bonded Debt ('000)

	Interest Rates	Final Maturity Dates	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation:				
<i>San Diego County Capital Asset Leasing Corporation (SANCAL):</i>				
1993 Master Refunding, issued May 1993	2.50-5.625%	2012	203,400	86,725
1996 Regional Communication System, issued May 1996	4.30-5.50%	2018	52,230	33,740
1996 North & East County Courthouse, issued December 1996	4.30-6.00%	2019	37,690	31,910
1997 Central Jail Refunding, issued July 1997	4.00-5.42%	2025	80,675	69,755
1998 Downtown Courthouse Refunding, issued December 1998	4.00-4.94%	2022	73,115	57,730
1999 East Mesa Refunding, issued September 1999	3.60-4.75%	2009	15,010	9,750
2000 Information Technology, issued May 2000	4.50-5.125%	2010	51,620	33,985
2002 Motorola, issued March 2002	2.00-5.00%	2011	26,060	20,770
Total SANCAL			\$ 539,800	\$ 344,365
<i>San Diego Regional Building Authority (SDRBA):</i>				
2001 MTS Tower Refunding, issued September 2001	2.150-5.25%	2019	\$ 36,960	\$ 33,960
Total SDRBA			36,960	33,960
Total Certificates of Participation			\$ 576,760	\$ 378,325
Third-Party Financing Leases:				
Others, various beginning dates from March 1991 to the present	4.24-8.00%	2004-14	8,705	3,386
Total Third-Party Financing Leases			\$ 8,705	\$ 3,386
Taxable Pension Bonds:				
County of San Diego Pension Obligation Bonds, Series A, issued Feb 1994	6.38-6.60%	2008	430,430	77,425
County of San Diego Pension Obligation Bonds, issued September 2002				
Series A	3.88-4.95%	2015	132,215	132,215
Series B	Variable Rate	2032	505,125	505,125
Series C (PINES)	6.13%	2032	100,000	100,000
County of San Diego Pension Obligation Bonds, issued June 2004				
Series A	3.28%-5.86%	2022	241,360	241,360
Series B	Variable Rate	2024	147,825	147,825
Series C	4.66%-5.76%	2015	64,928	64,928
Total Pension Bonds			\$1,621,883	\$ 1,268,878
Total General Fund Long Term Obligations			\$2,207,348	\$ 1,650,589

Composition:

- 23% of debt COPS
- 77% pertains to Pension Obligation Bonds

County pays down various long-term obligations

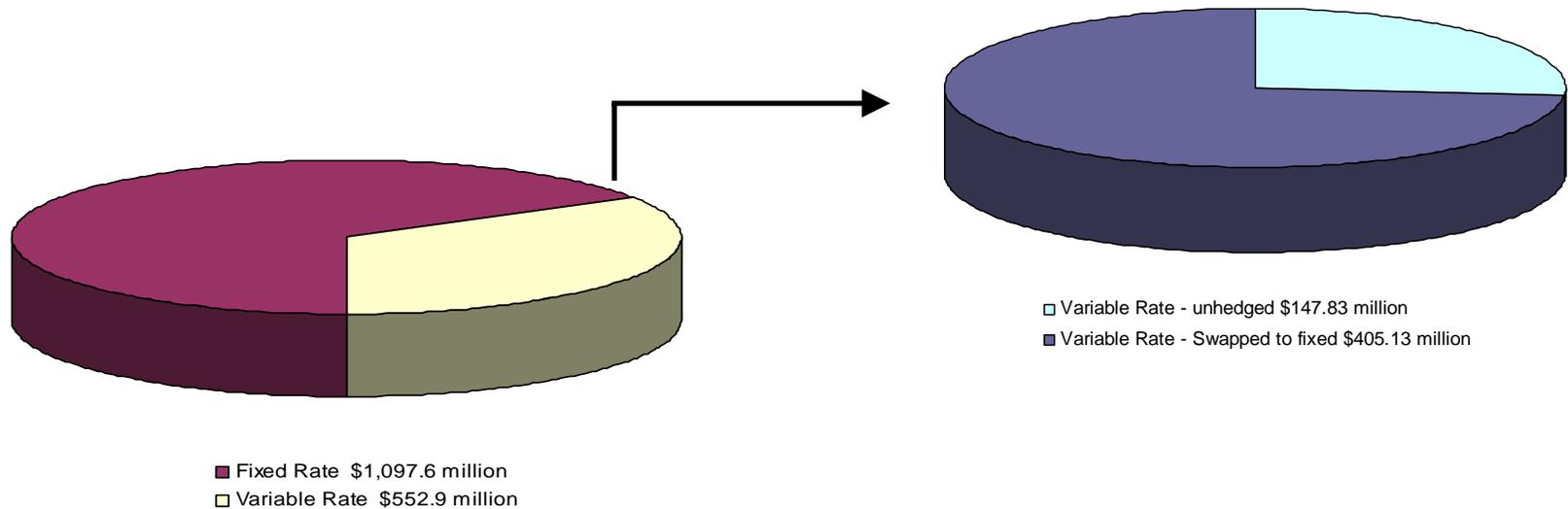
- San Pasqual
- Interim Justice
- 1993 Series A
- 1993 Vista Refunding



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Variable Rate Obligations and Financial Products

- Board Policy B-65 allows for 15% variable rate exposure
- Debt Advisory Committee adopts Swap policy



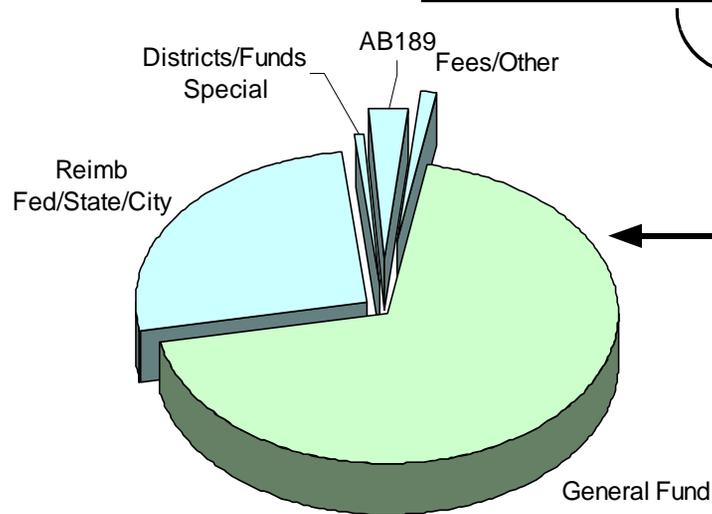


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General Fund Debt

2004/2005 Adopted Budgeted Long Term Payments

Project	Total Payment	Fed/State/City		Special		
		General Fund	Reimb	Districts/Funds	AB189	Fees/Other
Total COPS	46,779,800	41,193,816	6,000,000	621,806	2,905,950	1,258,229
Pension Obligation 94& 02 &04	58,191,483	34,914,890	23,276,593			
TOTALS	104,971,283	76,108,706	29,276,593	621,806	2,905,950	1,258,229



County Debt Service Burden = 3.84%

Debt Service Burden with offsets = 2.78%

Debt Service Burden net of POB's = 1.51%

* Total Debt Payments/(General Fund Revenue – Fund Balance)



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Proposed Financings

*Terry Hogan, Don Steuer and
Lisa Keller-Chiodo*



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Proposed Financings

- Edgemoor Facility Project
- Edgemoor Financing Structure
- Refunding Candidates
 - 1996 North County Regional Center COPs
 - 1996 Regional Communications System COPs
- Additional Financings Under Consideration
 - Integrated Property Tax System (IPTS) Financing
 - VLF Securitization

Terry Hogan

Don Steuer

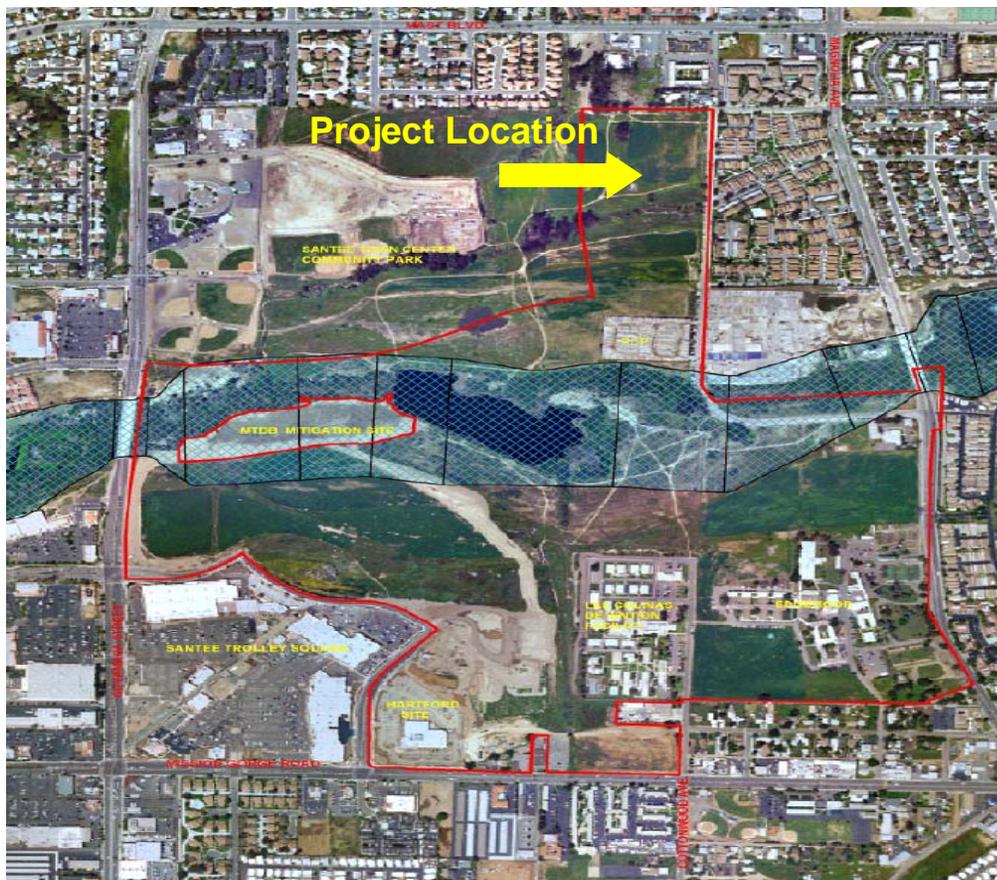
Lisa Keller-Chiodo

Don Steuer



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Edgemoor Overview



- \$83.8 million project
- All approvals in-hand and construction to begin in February 2005
- \$79 million in project draws financed through General Fund COPs
- 100% (\$6.2 million) of debt service expected to be paid from:
 - 46% - (\$2.8 million) reimbursements via Medicaid pursuant to SB 1128
 - 54% - (\$3.4 million) revenues from the sale of property, lease and interest income



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The Project

- Project consists of design, construction and equipping of a high-level skilled nursing facility in proximity to the existing Edgemoor facility in Santee, California
- Two-story 180,000 square foot complex with 192-bed capacity will replace older existing facility
- Project will be constructed on approximately 12.55 acres of the County's 326-acre Edgemoor property (Edgemoor Health Campus and Public Safety Center)
- Edgemoor fills critical service need for Medi-Cal patients that require continuous medical services
- Edgemoor will be the only stand-alone skilled nursing facility in the region. Similar services only provided at three or four hospitals in the area



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Project Construction

- Construction contract to be awarded to Sundt Construction per competitive bid
- Sundt is diversified contractor with completed projects in 21 states and 11 countries
- “Fixed Price” construction contract for \$66.2 million
- Contractor carries commercial general liability insurance for \$5 million per occurrence
- Performance and payment bonds for 100% of contract price
- Contract provides for liquidated damages of \$5,000 per day for 120 days beyond Completion Date and \$20,000 per day (\$7.3 million/year) thereafter

Summary of Edgemoor Project Cost and Funding Sources (\$ Millions)	
Project Costs	
Construction	\$ 66.20
Contingency	3.31
Design	8.38
Construction Management	2.80
Telecommunications / FF&E	3.09
Total Cost	\$ 83.78
Funding Sources	
COP Proceeds ⁽¹⁾	\$ 79.00
Edgemoor Development Fund ⁽²⁾	4.78
Total Funding Sources	\$ 83.78

⁽¹⁾ Assumes net funded project cost from COP proceeds plus interest earnings thereon. Approximately \$5.5 million has been expended to date: \$3 million from Tobacco Settlement Receipts and \$2.5 million from the Edgemoor Reconstruction Fund that will be reimbursed from COP proceeds.

⁽²⁾ Primarily revenues from the sale of land and leases.



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Milestones and Project Schedule

Approval by Board to move forward	January 2002
Selection of Financing Team	April 2002
Submission of Plans to OSHPD	December 2002
EIR Mitigated Negative Declaration Adopted	June 2004
Final Approval by OSHPD	November 9, 2004
Construction Bids Received	December 7, 2004
COPs Sale Date	January 19, 2005
Closing Date	February 2, 2005
Contract Award	February 4, 2005
Construction Begins	February 7, 2005
Contractor's Project Completion	October 2006
Targeted Occupancy	February 2007



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SB 1128

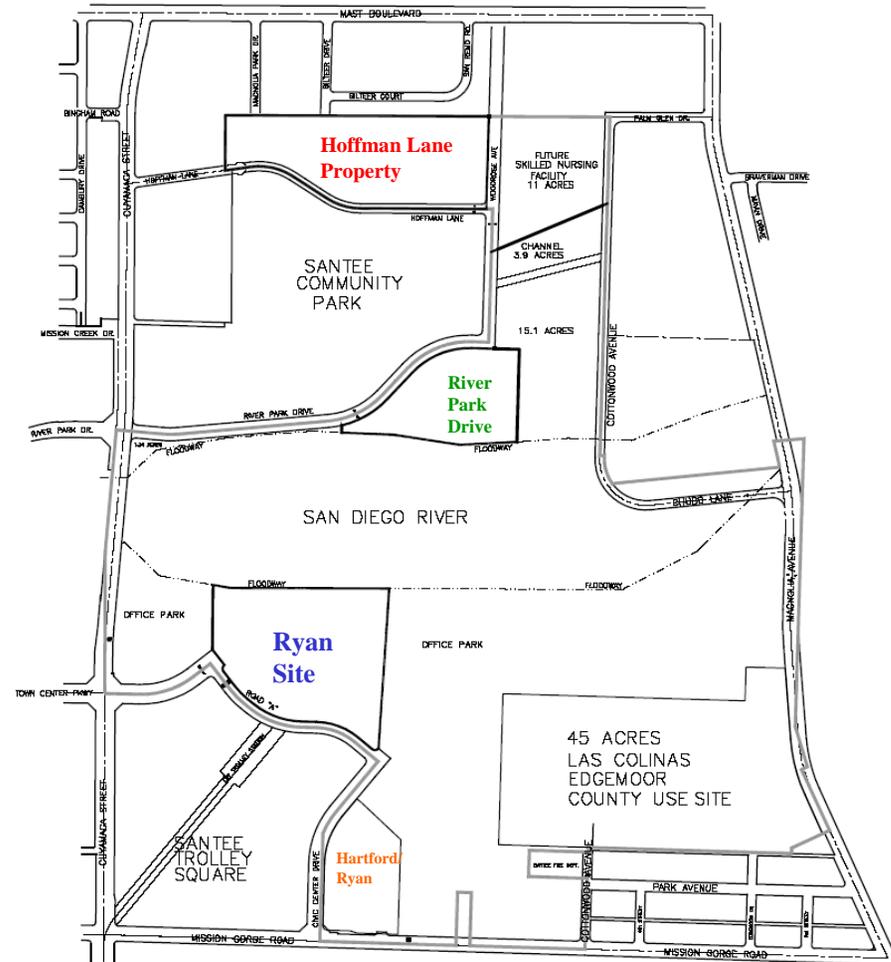
- COP lease payments will be payable from County's general fund, however the County has identified both external and internal resources that will pay for the project
- Project qualifies for reimbursement under SB 1128
 - Allowable reimbursement is based on ratio of skilled nursing Medi-Cal days to total skilled nursing patient days (50% of actual ratio)
 - Historical percentage of Medi-Cal days has been 97.6% and 98% in FY02-03 and FY03-04, respectively
 - Current expectation is for supplemental reimbursement of 46% of debt service (assuming 92% ratio of Medi-Cal days, prospectively)
- High ratio is expected to be maintained due to nature of the facility (e.g. types of patients served)



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Other Funding Sources

- An estimated 54% of COP lease payments and direct project costs (\$4.78 million) expected to be paid from sales of property and lease revenues (Edgemoor Reconstruction Fund)
- Current fund balance is approximately \$16.1 million and includes sale of Hoffman Lane Property (\$15.9 million), which has been executed
- Also anticipate sale of 11 acres for residential (River Park Drive) for \$10.7 million to close in FY 2008-09
- Projected estimates assume sale of 10 acres for residential development (Ryan Site) for \$11.7 million to close in FY 2007-08
- Existing Hartford/Ryan lease is for 55 years and generates \$204,000 annually (Lessee has constructed 77,000 sq.ft. commercial building)
- Currently in negotiations with master developer (Ryan) for commercial/retail development





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Expected Sources of Repayment Funds

Fiscal Year	Fund Bal/ COP Reimbursement/ Sand Revenue	Edgemoor Fund Revenues	Offsite/Other Costs	Edgemoor Fund Debt Service (54%)	Interest Earnings 2.0%	@ Cumulative Balance	SB 1128 Reimbursement (46%)	Total Debt Service
03 - 04	\$ 2,000,000			\$ -	\$ -	\$ 2,000,000		
04 - 05	\$ 2,050,000	\$ 16,104,000 (1)	\$ 1,300,000	\$ -	\$ 40,000	\$ 18,894,000		
05 - 06	-	\$ 204,000	\$ 3,485,556	\$ -	\$ 377,880	\$ 15,990,324		
06 - 07		\$ 703,000		\$ -	\$ 319,806	\$ 17,013,130		
07 - 08		\$ 11,918,000 (2)		\$ 2,434,993	\$ 340,263	\$ 26,836,400	\$ 2,074,253	\$ 4,509,246
08 - 09		\$ 12,599,000 (3)		\$ 3,374,649	\$ 536,728	\$ 36,597,479	\$ 2,874,701	\$ 6,249,350
09 - 10		\$ 2,067,000		\$ 3,373,029	\$ 731,950	\$ 36,023,400	\$ 2,873,321	\$ 6,246,350
10 - 11		\$ 2,149,000		\$ 3,374,973	\$ 720,468	\$ 35,517,895	\$ 2,874,977	\$ 6,249,950
11 - 12		\$ 1,238,000		\$ 3,372,165	\$ 710,358	\$ 34,094,088	\$ 2,872,585	\$ 6,244,750
12 - 13		\$ 1,346,000		\$ 3,372,975	\$ 681,882	\$ 32,748,994	\$ 2,873,275	\$ 6,246,250
13 - 14		\$ 1,553,000		\$ 3,373,110	\$ 654,980	\$ 31,583,864	\$ 2,873,390	\$ 6,246,500
14 - 15		\$ 1,661,000		\$ 3,372,435	\$ 631,677	\$ 30,504,107	\$ 2,872,815	\$ 6,245,250
15 - 16		\$ 1,772,000		\$ 3,373,515	\$ 610,082	\$ 29,512,674	\$ 2,873,735	\$ 6,247,250
16 - 17		\$ 1,890,000		\$ 3,373,380	\$ 590,253	\$ 28,619,547	\$ 2,873,620	\$ 6,247,000
17 - 18		\$ 2,029,000		\$ 3,374,595	\$ 572,391	\$ 27,846,343	\$ 2,874,655	\$ 6,249,250
18 - 19		\$ 1,142,000		\$ 3,374,190	\$ 556,927	\$ 26,171,080	\$ 2,874,310	\$ 6,248,500
19 - 20		\$ 1,158,000		\$ 3,374,730	\$ 523,422	\$ 24,477,772	\$ 2,874,770	\$ 6,249,500
20 - 21		\$ 1,158,000		\$ 3,373,245	\$ 489,555	\$ 22,752,082	\$ 2,873,505	\$ 6,246,750
21 - 22		\$ 1,158,000		\$ 3,372,300	\$ 455,042	\$ 20,992,824	\$ 2,872,700	\$ 6,245,000
22 - 23		\$ 1,158,000		\$ 3,374,325	\$ 419,856	\$ 19,196,355	\$ 2,874,425	\$ 6,248,750
23 - 24		\$ 1,158,000		\$ 3,373,515	\$ 383,927	\$ 17,364,767	\$ 2,873,735	\$ 6,247,250
24 - 25		\$ 1,247,000		\$ 3,372,435	\$ 347,295	\$ 15,586,628	\$ 2,872,815	\$ 6,245,250
25 - 26		\$ 1,247,000		\$ 3,373,515	\$ 311,733	\$ 13,771,845	\$ 2,873,735	\$ 6,247,250
26 - 27		\$ 1,247,000		\$ 3,373,515	\$ 275,437	\$ 11,920,767	\$ 2,873,735	\$ 6,247,250
27 - 28		\$ 1,247,000		\$ 3,372,570	\$ 238,415	\$ 10,033,612	\$ 2,872,930	\$ 6,245,500
28 - 29		\$ 1,247,000		\$ 3,372,705	\$ 200,672	\$ 8,108,580	\$ 2,873,045	\$ 6,245,750
29 - 30		\$ 1,247,000		\$ 3,373,650	\$ 162,172	\$ 6,144,101	\$ 2,873,850	\$ 6,247,500
Total:	\$ 4,050,000	\$ 71,647,000	\$ 4,785,556	\$ 76,650,514	\$ 11,883,171	\$ 6,144,101	\$ 65,294,882	\$ 141,945,396

(1) Includes sale of Hoffman Lane property for \$15.9 million.

(2) Includes sale of Ryan site property for \$11.7 million.

(3) Includes sale of River Park property for \$10.7 million.

Debt service figures are net of Capitalized Interest funded through July 1, 2007.



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Financing Structure

- Certificates of Participation will be issued by the San Diego County Capital Asset Leasing Corporation (“SANCAL”)
- General Fund lease (underlying asset will be the Edgemoor Project)
- Amortization is over 25-years (final maturity in 2030)
- Level debt service (average annual \$6.2 million)
- 24 months rental interruption insurance
- Capitalized interest through 20-month construction period plus additional nine months (total 29-months, July 1, 2007)
- COPs anticipated to be insured, if economical
- COPs will be issued on fixed rate basis



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Refunding of 1996 COPs

- 1996 North County Regional Center COPs
 - Not Economically Feasible at this time
- 1996 Regional Communications System (RCS) COPs
 - Refunding COPs expected to be issued concurrently with Edgemoor project by SANCAL (one COP issue)
 - Issued under same Trust Agreement as Edgemoor, but separate Lease (underlying assets of refunded RCS COPs will not change)
 - Amortization is over existing schedule on the outstanding bonds (15-years, final maturity in 2019)
 - Refunding RCS COPs anticipated to be insured, if economical
 - Level debt service; issued on fixed rate basis
 - Refunding will be executed only if overall Net Present Value (“NPV”) savings is 3% of refunded par amount, subject to market conditions



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Summary Refunding Results (1996 RCS COPs)

Market Interest Rates as of January 3, 2005	
Par Amount Refunded	\$29,230,000
Avg. Coupon of Refunded Bonds	5.47%
Par Amount Refunding Bonds	\$27,830,000
All-In TIC	3.77%
Avg. Annual Net Debt Service Savings	\$130,000
Net Present Value Savings*	\$1,013,865
% of Refunded Par	3.47%

* Based on Net Debt Service



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Integrated Property Tax System

- \$32 Million Project
- \$13 Million in funds available
- Approximately \$20 Million COPs may be issued
- 20 Year Amortization
- \$2.6 Million Annual General Fund Debt Service
- Asset Transfer Structure
- Status of Development Contract
- Expected Timing



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VLF Securitization

- SB 1096 authorization to sell 2003-04 VLF receivable
- California Statewide Communities Development Authority Program
- \$55.9 million estimated taxable proceeds
 - Pay off 1997 COPs
- \$57.7 million estimated tax-exempt proceeds
 - Fund IPTS
- Combination taxable/tax-exempt
- Decision based on actual proceeds realized



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Closing Remarks