County Team

**PRESENTERS**

- Ebony Shelton, *Deputy Chief Administrative Officer/Chief Financial Officer*
- Dan McAllister, *Treasurer-Tax Collector*
- Ernie Dronenburg, *Assessor/Recorder/County Clerk*
- Joan Bracci, *Chief Operations Officer*
- Amy Thompson *Health and Human Services Agency Executive Finance Director*
- Marko Medved, *Director, Department of General Services*
- Michele Crichlow, *Debt Finance Manager*

**ADDITIONAL RESOURCES**

- Tracy Drager, *Auditor and Controller*
- Brian Ruehle, *Deputy Controller*
- Myrna Zambrano, *Asst. Treasurer-Tax Collector*
- Lauren Warrem, *Chief Deputy Treasurer*
- Hank Kim, *Chief Investment Officer*
- Cameron Urquhart, *Investment Officer*
- Fatima Barredo, *Director, Office of Financial Planning*
- Tim Boncoskey, *Asst. Assessor/Recorder/County Clerk*
- Jeff Olson, *Assessor/Recorder/County Clerk, Chief Deputy*
- Joshua Ramirez, *Group Program Manager of Finance*
- Tanya Eames, *Debt and Capital Finance Officer*
- Michelle Issa, *Public Resources Advisory Group, County Municipal Advisor*
## Outline

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Framework for the Future</td>
</tr>
<tr>
<td>2</td>
<td>Diverse Regional Economy</td>
</tr>
<tr>
<td>3</td>
<td>Large and Growing Tax Base</td>
</tr>
<tr>
<td>4</td>
<td>Financial Highlights</td>
</tr>
<tr>
<td>5</td>
<td>Retirement Update</td>
</tr>
<tr>
<td>6</td>
<td>Debt and Capital Overview</td>
</tr>
<tr>
<td>7</td>
<td>Conclusion</td>
</tr>
</tbody>
</table>
Maintenance of Strong Fiscal Management

- Consistently balanced budgets that actively manage County’s cost structure
- Strong reserves and cash balances
- Strong County fiscal policies
- Strong fiscal oversight
- Comprehensive long-term financial planning
- Careful use of ARPA and CARES Act funding – used on a one-time basis to aid in response to the pandemic
Board of Supervisors’ Framework for the Future

- Updates to the Board of Supervisors
  - 3 new supervisors

- The Board of Supervisors approved a series of proposals referred to as a Framework for the Future.

- The goals of these proposals are to establish a new approach to public health, government transparency, and County policies and to identify new County priorities.

- The Board of Supervisors and County staff remain committed to fiscal responsibility and prudent use of financial resources

- Strong institutionalized financial management practices ensure a commitment to fiscal stability and efficient delivery of government services
Framework for the Future

County of San Diego

- Transparency & Open Government
- County Resources & Contracting Policies
- Legislative Agenda Reform
- Climate Advisory Committee
- Zero Carbon Future
- Bold Climate Action
- Racism: a Public Health Crisis
- Pollution at the Tijuana River Valley: a Public Health Crisis
- COVID-19 Equitable, Data Driven Response
- Comprehensive Harm Reduction Approach
- Cannabis Industry Economic Access & Equity
Key Areas of Focus

- County Finance Initiatives
  - Budget Equity
  - Contracting Policies / Accessibility
  - Leased property / County-owned property
  - Reserve Policy

- Challenges and Risks
  - COVID-19
  - Emergency preparedness
  - Regional Economic Recovery
  - Retirement / Market volatility
Addressing Emergency Preparedness

- Community Risk Reduction Program
  - Develop and implement a cohesive pre-fire strategy
  - Conduct 30,000 Defensible Space Inspections annually
  - Improve pre-fire emergency planning
  - Strengthen fire safety in new construction
  - Reduce loss from wildfire in existing structures
- Cybersecurity
- COVID-19

San Diego Sheriff helicopter hovers over the first County heli-hydrant as its hose sucks up water in Fallbrook. www.kpbs.org
Diverse Regional Economy
Employment Outlook

- In August 2021, San Diego’s unemployment rate of 6.6% was below the State’s rate of 7.5%, but above the national rate of 5.3%\(^{(1,2)}\)
- Local employers continue to report major labor shortages, especially in low-wage sectors.

Sources: (1) U.S. Bureau of Labor Statistics
(2) California Employment Development Department
Employment by Income Group

- Local employment has fully recovered for high earners, but remains depressed for low-wage positions

January 2020=100

Source: SANDAG
Hardest Hit Sectors

February 2020 to August 2021

Source: SANDAG
Top San Diego Employers

San Diego is home to a diverse group of world class institutions, corporations, and recreational facilities.

Source: San Diego Sourcebook and California EDD
Growing Population

- San Diego County’s population grew 6.6% between 2010 and 2020, continuing an upward trend from 3.1 million to 3.3 million\(^{(1)}\)

San Diego County Population Growth

Notes: Data for 2010 and 2020 are official census counts. Other years are estimates
Source: (1) U.S. Census Bureau
Household Income Continues to Grow

- In 2020, the median household income adjusted for inflation was $72,239, a 20.3% increase from $60,030 in 2010

Notes: Data adjusted for inflation
Source: SANDAG
Secured Tax Collection

% Taxes Collected

<table>
<thead>
<tr>
<th>FY</th>
<th>Amount Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>06-07</td>
<td>$3.87 B</td>
</tr>
<tr>
<td>07-08</td>
<td>$4.20 B</td>
</tr>
<tr>
<td>08-09</td>
<td>$4.39 B</td>
</tr>
<tr>
<td>09-10</td>
<td>$4.36 B</td>
</tr>
<tr>
<td>10-11</td>
<td>$4.36 B</td>
</tr>
<tr>
<td>11-12</td>
<td>$4.43 B</td>
</tr>
<tr>
<td>12-13</td>
<td>$4.51 B</td>
</tr>
<tr>
<td>13-14</td>
<td>$4.77 B</td>
</tr>
<tr>
<td>14-15</td>
<td>$5.03 B</td>
</tr>
<tr>
<td>15-16</td>
<td>$5.33 B</td>
</tr>
<tr>
<td>16-17</td>
<td>$5.64 B</td>
</tr>
<tr>
<td>17-18</td>
<td>$6.05 B</td>
</tr>
<tr>
<td>18-19</td>
<td>$6.36 B</td>
</tr>
<tr>
<td>19-20</td>
<td>$6.80 B</td>
</tr>
<tr>
<td>20-21</td>
<td>$7.20 B</td>
</tr>
</tbody>
</table>

Source: San Diego County Treasurer-Tax Collector
Strong Cash Position and Management

- County remains highly liquid and able to fund operational needs as required; investments are well-positioned in anticipation of potential future interest rate movements.
- Fiscal Year 2021-22 is the 8th consecutive year that the County did not issue TRANs.
- AAAf-rated Investment Pool reached a record high of $13.2 billion in April 2021.

**General Fund Cash** (1) as a % of Revenue

- FY14: 45.0%
- FY15: 55.0%
- FY16: 60.0%
- FY17: 55.0%
- FY18: 60.0%
- FY19: 65.0%
- FY20: 60.0%

**Investment Pool High Balance** FY 10-11 through FY 20-21

- FY11: $1.5 billion
- FY12: $2.0 billion
- FY13: $2.5 billion
- FY14: $3.0 billion
- FY15: $3.5 billion
- FY16: $4.0 billion
- FY17: $4.5 billion
- FY18: $5.0 billion
- FY19: $5.5 billion
- FY20: $6.0 billion
- FY21: $7.0 billion

(1) Includes unrestricted cash and investments.
Source: County Auditor and Controller
Large and Growing Tax Base
Proposition 13, COVID-19 and their Effects on Assessed Values

- Proposition 13 protects the assessment roll from temporary market reductions.
- The annual property tax valuation date (Lien Date) is January 1st.
- Commercial properties account for only 3% of taxable parcels and 15% of total assessed value.
- COVID-19 restrictions negatively affected some sectors of the commercial real estate market.
- The FY 2021-22 Assessment Roll included only $2.9 billion in temporary assessed value reductions to commercial properties suffering from COVID restrictions.
- Assessed value increases from the strong residential market far outweighed the slight reductions in the commercial market.
- It is expected that many of these reductions will be recaptured in FY 2022-23.
Proposition 13 – Past Experiences

- The provisions of Proposition 13 insulate the property tax base from short term downturns in the real estate market as seen post-2006.

- In December 2020, the San Diego County median home price was $645,000; 30% higher than its last peak in 2006. In that same period, total assessed value and property tax revenue has increased by 75%.

Note: Median Home Price includes sales of new and existing single-family residences through 12/2020
Source: County of San Diego Assessor/Recorder/County Clerk & Core Logic Home Price Index, respectively
### 2021-2022 Gross Assessed Valuation by County

- Third largest in State for total assessed value
- Second largest in real property parcel count

<table>
<thead>
<tr>
<th>County</th>
<th>Secured AV</th>
<th>Unsecured AV</th>
<th>Total AV (Gross)</th>
<th>Parcels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>$1,749,363,657,935</td>
<td>$82,412,043,643</td>
<td>$1,831,775,701,578</td>
<td>2,384,062</td>
</tr>
<tr>
<td>Orange</td>
<td>$699,302,267,281</td>
<td>$16,711,770,612</td>
<td>$716,014,037,893</td>
<td>961,387</td>
</tr>
<tr>
<td>San Diego</td>
<td>$608,684,411,884</td>
<td>$18,568,863,196</td>
<td>$627,253,275,080</td>
<td>1,006,991</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>$573,834,289,003</td>
<td>$34,403,338,960</td>
<td>$608,237,627,963</td>
<td>493,332</td>
</tr>
<tr>
<td>Alameda</td>
<td>$340,260,519,713</td>
<td>$18,255,328,636</td>
<td>$358,515,848,349</td>
<td>467,093</td>
</tr>
<tr>
<td>Riverside</td>
<td>$327,735,903,346</td>
<td>$10,551,506,867</td>
<td>$338,287,410,213</td>
<td>940,774</td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor/Recorder/County Clerk
2020 Real Estate Activity at a Glance
Reflected in the 2021-2022 Assessment Roll

<table>
<thead>
<tr>
<th>Real Estate Market Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median home prices continued to increase; +12.17% YOY</td>
</tr>
<tr>
<td>Real estate sales volume decreased slightly; -3.1% YOY</td>
</tr>
<tr>
<td>New construction activity decreased; -10.9% YOY</td>
</tr>
<tr>
<td>Mapping activity decreased; Subdivision lots -30%, Condos -35%</td>
</tr>
<tr>
<td>Defaults/Foreclosures decreased; currently at traditional levels</td>
</tr>
</tbody>
</table>

Sources: County of San Diego Assessor/Recorder/County Clerk; CoreLogic, as on 1/1/2021
2021-2022 Assessed Value Changes by Category

- Change in ownership reassessments and the annual CPI adjustment continue to contribute the largest value increment.
- 34,470 parcels are still assessed under Prop. 8 temporary reductions and not subject to the 2% increase limitation.

<table>
<thead>
<tr>
<th>Key Contributors to Assessed Value Change</th>
<th>FY 2020-21 AV Changes (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prop 8 Increases and Reductions (including assessment appeals)</td>
<td>$0.627</td>
</tr>
<tr>
<td>Change in Ownership ($209,000 average increase per residential sale)</td>
<td>$14.139</td>
</tr>
<tr>
<td>Completed and Unfinished New Construction</td>
<td>$4.647</td>
</tr>
<tr>
<td>Prop 13 Base CPI Adjustment (+1.036% to 86% of all properties)</td>
<td>$5.418</td>
</tr>
<tr>
<td>Business Personal Property (-9.1% YOY)</td>
<td>$(2.095)</td>
</tr>
<tr>
<td>Other Property Adjustments</td>
<td>$(0.233)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$22.503 (+3.72%)</td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor/Recorder/County Clerk
Historical View of Key Contributors to Value Increment

Source: County of San Diego Assessor/Recorder/County Clerk
Looking Forward to Fiscal Year 2022-23

- Projecting assessed value growth of 4% with an upward bias for FY 2022-2023.
- Continued increases to median home prices, currently +22.37% YOY.
- A slight increase in real estate sales activity in all sectors.
- A slight increase in new construction activity in all sectors.
- Mapping activity is rebounding following last year's low numbers.
- Defaults and foreclosures continue to be at historic lows.
- A 2022-23 CPI adjustment of 2%, applied to 87% of all parcels, will add over $10 billion in AV to the Roll.
- Prop. 8 restorations (increases) on residential and commercial properties.

Source: County of San Diego Assessor/Recorder/County Clerk
Financial Highlights
Fiscal Year 2021-22 Budget Overview

- Total budget of $7.23 billion; increase of 10.4% or $681.1 million from Fiscal Year 2020-21

- Total staffing of 18,782.5 staff years; net increase of 5.6% or 993.0 staff years, excluding APCD transition to an independent agency

- Labor Agreements with all bargaining units through FY22 for General Employees, FY23 for Safety Employees

- $1.55 billion General Purpose Revenue; increase of 9.2% or $131.2 million

- $156.6 million of ongoing General Purpose Revenue used for one-time projects as a part of the County’s ongoing stabilization strategy

- $209.3 million of unassigned fund balance to support one-time projects

- $273.9 million for capital projects
Budget Focus & New Departments

New Departments / Offices

- Evaluation and Performance Analytics
- Equity and Racial Justice
- Environmental & Climate Justice
- Labor Standards & Enforcement
- Homeless Solutions & Equitable Communities
- Immigrant & Refugee Affairs
Fiscal Year 2021-22 Adopted Operational Plan: All Funds

- Adopted Budget for all funds of $7.23 billion; increase of $681.1 million from Fiscal Year 2020-21 Adopted Budget

**Total Appropriations by Fund Type**

Fiscal Year 2021-22: $7.23 billion

- General Fund: $5,540.9M (76.6%)
- Special Districts and Successor Agency Funds: $111.9M (1.5%)
- Enterprise Funds: $45.1M (0.6%)
- Capital Project Funds: $282.7M (3.9%)
- Debt Service Funds: $81.5M (1.1%)
- Internal Service Funds: $559.0M (7.7%)
- Special Revenue Funds: $611.9M (8.5%)
Fiscal Year 2021-22 Adopted Operational Plan: General Fund

- Adopted Budget for the General Fund of $5.54 billion; increase of $527.1 million from Fiscal Year 2020-21 Adopted Budget
# General Fund Balance Components

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>FY 2016-17 $ million / % of FB</th>
<th>FY 2017-18 $ million / % of FB</th>
<th>FY 2018-19 $ million / % of FB</th>
<th>FY 2019-20 $ million / % of FB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>$19.9 0.9%</td>
<td>$22.7 1.0%</td>
<td>$47.0 1.9%</td>
<td>$23.2 0.9%</td>
</tr>
<tr>
<td>Restricted</td>
<td>266.9 12.5%</td>
<td>319.8 13.9%</td>
<td>608.7 25.1%</td>
<td>696.3 28.2%</td>
</tr>
<tr>
<td>Committed</td>
<td>677.0 31.6%</td>
<td>796.1 34.5%</td>
<td>637.5 26.3%</td>
<td>626.5 25.4%</td>
</tr>
<tr>
<td>Assigned</td>
<td>483.5 22.5%</td>
<td>480.1 20.8%</td>
<td>418.7 17.3%</td>
<td>414.7 16.8%</td>
</tr>
<tr>
<td>Unassigned</td>
<td>697.3 32.5%</td>
<td>688.4 29.8%</td>
<td>712.1 29.4%</td>
<td>707.9 28.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,144.6</strong></td>
<td><strong>$2,307.1</strong></td>
<td><strong>$2,424.0</strong></td>
<td><strong>$2,468.5</strong></td>
</tr>
</tbody>
</table>

Source: Comprehensive Annual Financial Report for the identified years
General Fund FY 2020-21 Status Update

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unassigned Fund Balance as of June 30, 2020</td>
<td>$707.9</td>
</tr>
<tr>
<td>Less: FY 2020-21 Uses Approved by the Board of Supervisors</td>
<td>(49.8)</td>
</tr>
<tr>
<td>Fiscal Year End Projection of FY 2020-21 Budgetary Fund Balance</td>
<td>272.6</td>
</tr>
<tr>
<td>Redevelopment Litigation Reclassification</td>
<td>43.8</td>
</tr>
<tr>
<td>Less: Planned Uses of Fund Balance</td>
<td>(209.3)</td>
</tr>
<tr>
<td>Projected Unassigned Fund Balance for June 30, 2021 (unaudited)</td>
<td>$765.1</td>
</tr>
</tbody>
</table>

- Administrative Ordinance requires $829.2 million in General Fund unassigned fund balance as a reserve (2 months of estimated operating expenses).

- The County is implementing a plan to restore unassigned fund balance to the General Fund reserve starting with $24.1 million in Fiscal Year 2021-22.

- In April 2020 due to COVID-19, the Board of Supervisors temporarily suspended the County's minimum General Fund reserve requirement.

Note: Amounts represent unaudited results and totals may not sum due to rounding.
COVID-19 RESPONSE FUNDING LANDSCAPE

THIRD PARTY/ MEDI-CAL
$TBD
Jan 1,2020
ON-GOING

FEMA
$TBD
Jan 1,2020
Dec 31,2021

CARES
$388M
Mar 1,2020
Dec 31,2021

ELC ORIGINAL
$20M
May 18,2020
Nov 17,2022

ELC EXPANSION
$124M
Jan 15,2021
July 23,2023

ARPA
$648M
Mar 3,2021
Dec 31,2026

2020  2021  2022  2023  2024  2025  2026
American Rescue Plan Act of 2021 Framework *(in millions)*

<table>
<thead>
<tr>
<th>Framework Component</th>
<th>Approved Amount (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior and On-Going COVID-19 Response</td>
<td>$311.50</td>
</tr>
<tr>
<td>Premium Pay for Government Essential Workers</td>
<td>$36.00</td>
</tr>
<tr>
<td>Mental Health Services</td>
<td>$32.00</td>
</tr>
<tr>
<td>Homeless Services</td>
<td>$85.00</td>
</tr>
<tr>
<td>Food Assistance</td>
<td>$20.00</td>
</tr>
<tr>
<td>Senior &amp; Youth Services</td>
<td>$10.00</td>
</tr>
<tr>
<td>Child Care Subsidies</td>
<td>$16.00</td>
</tr>
<tr>
<td>Direct Stimulus Payments</td>
<td>$40.00</td>
</tr>
<tr>
<td>Legal Services</td>
<td>$15.00</td>
</tr>
<tr>
<td>Small Business &amp; Non-Profit Stimulus Payments</td>
<td>$56.00</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$32.00</td>
</tr>
<tr>
<td><strong>TOTAL - COMPONENTS</strong></td>
<td><strong>$653.50</strong></td>
</tr>
</tbody>
</table>

*Amount of $653.5M includes allocated amount plus projected interest earned.*
Retirement Update
SDCERA Update

- SDCERA Trust Fund assets totaled $16.2 billion at June 30, 2021
  - County of San Diego made its annual required contribution of $619.2 million in July 2021
  - SDCERA reliably paid out $838.5 million in benefits to over 18,000 retirees and beneficiaries during Fiscal Year 2021

- As of June 30, 2021, SDCERA’s one-year investment return was 25 percent, the three-year investment return was 10.1 percent, the five-year investment return was 10 percent, and the 10-year investment return was 7.9 percent*

- In April 2019, the SDCERA Board of Retirement reduced the investment return assumption from 7.25% to 7.00%

*All investment returns are net of fees. All investment returns over one year are annualized.
San Diego County Employees Retirement Association (SDCERA) Net Pension Assets

Source: SDCERA
Active Management of Pension Requirements

- Additional contributions to SDCERA
  - $228.2 million since FY 2004-05
  - Ordinance requires investment of one-time over-realized GPR from greater-than-anticipated AV growth for accelerated payment of pension UAAL\(^{(1)}\)

- Prepayment of $264 million of POBs; eliminated variable rate debt

- 2018 voter-approved measure to set aside $383.0 million total fund balance for POBs
  - Initial annual draw began with $19.8 million in FY 2017-18 and increased to an annual draw of $42.8 million in FY 2020-21.

- New retirement tiers established, most recently Tier D
  - General Members (1.62% at 65), established in 2018
  - Safety Members (2.50% at 57), established in 2020

- Ongoing monitoring of the impact of market rates and actuarial assumptions

Note:
(1) This ordinance was temporarily suspended for the duration of the ongoing COVID-19 local emergency.
Total Historical and Projected Retirement Costs with Potential Changes to Economic Assumptions and 25% Returns in FY20-21

(1) Projections based on an assumed rate of return (ARR) of 7.00% for fiscal years through FY 2022-23 and 6.50% for FY 23-24 and all future years. In addition, inflation is assumed to drop from 2.75% to 2.50% for FY 23-24 and all future years.

(2) County annual Pension Obligation Bond payments are included in the Employer Contribution section of this chart.

Sources: San Diego County Employees Retirement Association and Segal Consulting memo dated August 5, 2021, Scenario 5.

Unfunded Actuarial Accrued Liability (UAAL)

Source: Segal Consulting, August 5, 2021 projections for FY 2022-23 and subsequent years

<table>
<thead>
<tr>
<th>6/30/20</th>
<th>Funded Ratio</th>
<th>6/30/25</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.0 B</td>
<td>77.3%</td>
<td>$1.9 B</td>
<td>91.3%</td>
</tr>
</tbody>
</table>
Limited Other Post-Employment Benefits (OPEB) Obligations

- Effective July 1, 2007 health insurance allowance limited by SDCERA to Tier I and Tier II retirees

- Post-employment healthcare benefits are not a vested benefit

- June 30, 2020 OPEB UAAL is $99.3 million, a decrease of $14.2 million from the previous valuation
  - Closed group of 4,044 participants
  - OPEB UAAL equals 2.5% of the $4.0 billion pension UAAL

- OPEB contributions have been and will continue to be funded at the full ADC of $18.8 million⁽¹⁾

Source: SDCERA 2020 OPEB Valuation
⁽¹⁾OPEB ADC as of June 30, 2020
Debt and Capital Overview
Conservative Management of Capital Program and Long-Term Obligations

**Capital Program**

- Capital Improvement Needs Assessment (CINA) planning process was revised in FY 2019-20 to improve the estimation process and ensure that only projects ready to advance are funded.
- 2021 CINA includes $1.9B of active and priority projects.
- Capital projects are funded through a prudent combination of pay-go funding and lease obligations.
- Over the last five years, the County has included $918.2 million in its Operational Plan for over 116 capital projects.
- Capital projects funded with lease obligations are also partially funded with County contribution.

**Long-Term Obligations**

- $211.6 million of lease obligations outstanding.
- $400.1 million of pension obligation bonds outstanding.
- No variable rate or derivatives.
- 100% of annual lease payments and debt service deposited with the trustee in July.
- Oversight of obligations by the County Debt Advisory Committee.
- Policies regarding continuing disclosure, post-issuance tax compliance, refundings, swaps.
- Rapid retirement of debt, when feasible.
Fiscal Year 2021-22 Debt Service is 2.2% of General Fund Revenues

- County Code of Administrative Ordinances mandates that debt service requirements cannot exceed 5% of General Fund Revenue
- Principal and interest payments on General Fund-secured obligations are offset by various revenue sources

<table>
<thead>
<tr>
<th></th>
<th>% of GF Revenue</th>
<th>% of GF Revenue net of offsets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Obligations</td>
<td>0.5%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Pension Obligation Bonds</td>
<td>1.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2.2%</strong></td>
<td><strong>1.0%</strong></td>
</tr>
</tbody>
</table>

---

(1) General Fund Revenues do not reflect operating transfers or component decreases
YOUTH TRANSITION CAMPUS
Kearny Mesa Juvenile Detention Facility — Prior Model

Built in the 1950s and 1960s
- Beyond its useful lifespan
- Millions of dollars in upcoming maintenance costs

Designed following a correctional model
- Low ceilings, long hallways, large rooms, loud noises, trauma-inducing
- Available space limits access to rehabilitative programming and mental health services
New Practice Model – Youth Transition Campus

Designed following Youth in Custody Practice Model
- Developed by national experts from Georgetown University & the Council of Juvenile Justice Administrators
- Operational alignment to national best practices

Trauma-informed, normative, and home-like designs foster positive behaviors
- Smaller living units encourage youth and staff to build positive relationships
- Open spaces, bright colors, and natural light create a space that help youth heal and grow
- Youth attend a standalone school, access diverse recreational opportunities, and have space for programming and mental health clinicians

Phase I - Currently in Construction

Phase II Proposed Project
Youth Transition Campus –
Phase II Proposed Project

- Proposed layout to include:
  - 6 Living units
  - 12 Youth per living unit
  - 6 Classrooms
  - 2 Program rooms
  - Court holding
  - Mental health clinicians in each unit
  - Same design as phase I
# 2021 Youth Transition Campus COPs

<table>
<thead>
<tr>
<th>Overview:</th>
<th>Tax-exempt COPs proceeds will finance: i) a portion of the construction costs for a state-of-the-art Youth Transition Campus; ii) capitalized interest from closing until April 1, 2023; and iii) costs of issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount:</td>
<td>Approximately $49.810 million (subject to change)</td>
</tr>
<tr>
<td>Structure:</td>
<td>100% fixed rate bonds; <strong>Green Bonds</strong></td>
</tr>
<tr>
<td>Final Maturity:</td>
<td>10/1/2051 (30 years)</td>
</tr>
<tr>
<td>Annual Lease</td>
<td>Pre-funded annual lease payments: Made by July 5th of each fiscal year for October and April 1st COPs debt service payments</td>
</tr>
<tr>
<td>Payment:</td>
<td></td>
</tr>
<tr>
<td>Reserve Fund:</td>
<td>No Debt Service Reserve Fund</td>
</tr>
<tr>
<td>Leased Assets:</td>
<td>Asset Transfer Structure: Assessor Recorder County Clerk Building (East County), Rancho San Diego Sheriff Station, Alpine Branch Library, Borrego Springs Library and Ramona Library</td>
</tr>
</tbody>
</table>
### Sources and Uses*

<table>
<thead>
<tr>
<th>Sources</th>
<th>Bond Proceeds</th>
<th><strong>Series 2021</strong></th>
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</thead>
<tbody>
<tr>
<td>Par</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium</td>
<td>14,077,565</td>
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<tr>
<td>Total Sources</td>
<td></td>
<td>$78,887,565</td>
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<tr>
<td>County Equity Contribution</td>
<td>15,000,000</td>
<td></td>
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<tr>
<td><strong>Total Sources</strong></td>
<td></td>
<td><strong>$78,887,565</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Project Fund</th>
<th><strong>Series 2021</strong></th>
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</thead>
<tbody>
<tr>
<td>County Equity Contribution</td>
<td>15,000,000</td>
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<tr>
<td>Capitalized Interest</td>
<td>3,313,748</td>
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<tr>
<td>COI &amp; Underwriters Discount</td>
<td>573,817</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td></td>
<td><strong>$78,887,565</strong></td>
</tr>
</tbody>
</table>

* Preliminary – subject to change
Leased Assets – Youth Transition Campus Series 2021

- **Alpine Library**
  - Built in 2016 – Insured Value: $10.2 million
  - Approximately 12,700 square foot facility
  - Net zero energy building and LEED Gold
  - Expanded collection of materials, large children and teen spaces, computer lab and other resource rooms.

- **Assessor Recorder County Clerk East County Office and Archives**
  - Built in 2019 – Insured Value: $17.6 million
  - Approximately 25,000 square feet
  - Net zero energy building and LEED Gold
  - Climate-controlled archival space to preserve documents dating back to the 1800s

- **Borrego Springs Library**
  - Built in 2018 – Insured Value: $11.2 million
  - Approximately 13,165 square feet
  - Net zero energy building and LEED Gold
  - Single story building with various amenities for residents
Leased Assets – Youth Transition Campus Series 2021

- **Rancho San Diego Sheriff Station**
  - Built in 2014 – Insured Value: $16.2 million
  - Approximately 26,000 square feet
  - LEED Silver
  - One story of operational space, including separate adult and juvenile processing areas and 6 temporary detention cells, administrative and support facilities, investigative offices, interview and conference rooms

- **Ramona Library**
  - Built in 2011 – Insured Value: $14.9 million
  - Approximately 20,000 square feet
  - LEED Gold
  - Community rooms and outdoor overflow space for presentations, concerts and other activities
## Financing Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, October 15th</td>
<td>- Rating presentations</td>
</tr>
<tr>
<td>Wednesday, October 27th</td>
<td>- Receive ratings</td>
</tr>
<tr>
<td>Wednesday, November 3rd</td>
<td>- Post Preliminary Official Statement</td>
</tr>
<tr>
<td>Tuesday, November 16th</td>
<td>- Sell 2021 Bonds</td>
</tr>
<tr>
<td>Thursday, December 2nd</td>
<td>- Close</td>
</tr>
</tbody>
</table>
County Continues its Commitment to Fiscal Stability

- Strong fiscal management is a fundamental credit strength of San Diego County
- Demonstrated commitment to fiscal discipline while maintaining operational excellence
- Active and conservative planning produces consistently high reserves and cash balances throughout economic cycles
- Careful use of ARPA and CARES Act funding – used on a one-time basis to aid in response to the pandemic
- Careful evaluation of the capital program
- Early retirement of debt whenever possible
- Active approach to addressing unfunded pension liabilities and limited OPEB liability
- Fifth most populous county in the nation, characterized by a large and diverse tax base and economy
- Even with change in Board of Supervisors, strong institutionalized financial management practices ensure a commitment to fiscal stability and efficient delivery of government services
Conclusion