



# SAN DIEGO CITY SCHOOLS

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## NEWS RELEASE

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### Leading credit firms reaffirm San Diego City Schools bond ratings

*District sells more than \$500 million of Proposition MM bonds*

SAN DIEGO – San Diego City Schools credit rating has been reaffirmed at Aa2 by Moody's Investors Service and at AA by Standard & Poor's, two of the world's leading credit firms. The ratings represent the highest among all urban school districts across the country. Both firms also assigned a stable outlook to the school district.

The credit rating reaffirmation preceded the most successful bond sale in the school district's history. In August, the district issued and sold more than \$500 million of Proposition MM bonds, including \$200 million of Series F bonds and a refunding of \$300 million of previously issued bonds at lower interest rates. The refunded bonds will generate savings to the district's taxpayers of \$26.3 million over the life of the bonds. Proposition MM is the \$1.51 billion facilities bond measure that is funding modernization of 165 existing schools and construction of 12 new and three rebuilt schools throughout the district.

In issuing the ratings, Moody's and Standard & Poor's cited the school district's good financial management, adequate reserves, moderate overall debt burden and large and diversified tax base, with the expectation that the district's long track record of satisfactory financial operations will continue. The firms also cited that recent program and staffing reductions and prudent budgeting will enable the district to maintain a comfortable degree of financial stability, despite declining enrollment and the state's budget crisis.

"The analysis of our finances by these reputed firms demonstrates that we are making sound financial decisions throughout the school district, and that the Proposition MM program is well-managed," said Scott Patterson, chief financial officer, San Diego City Schools. "Due to a solid reputation in the financial community, reaffirmation of our credit ratings and favorable market conditions, the school district recently enjoyed perhaps the most successful bond sale in the Proposition MM program."

During the August bond sale, the school district's bonds were in high demand. Within a 1-½ hour order period on August 18, with \$500 million of bonds available, the district received more than \$1.27 billion in orders from institutional investors, resulting in demand exceeding supply by more than 2-½ times.

The high ratings mean the district's bonds are attractive to investors because of lower risk, and the cost of paying back the bonds is less due to lower interest rates. The issuance of the bonds does not increase the existing property tax rate.

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*"The mission of San Diego City Schools is to improve student achievement by supporting teaching and learning in the classroom."*