

Glossary of Terms

Assessed Value (AV): The value of a property, as determined by a tax assessor or appraiser for tax calculation purposes.

Ad Valorem: Adding to the value. The term is used in taxation to designate taxes levied against property, real or personal, at a certain rate based on the property's value.

Bond Financing: A school district gets consent from voters to raise taxes to pay for a bond. A financial institution sells the bonds and gives the money to the school district. The tax money pays back the bond and the interest over several years to the bondholders.

Bond Issuance: A bond is a loan that the bond purchaser, or bondholder, makes to the bond issuer (FCUSD). FCUSD will issue bonds when they need capital to build schools. An investor who buys the bond is lending FCUSD money.

Bond Oversight Committee: Proposition 39 requires school districts that pass Proposition 39 bonds to have a Citizens' Bond Oversight Committee (CBOC) to assure the community that bond funds are expended in the fashion outlined in the district's bond resolution. The CBOC must meet at least once a year and inform the public about the expenditure of bond revenues. The CBOC shall actively review and report on the proper expenditure of taxpayers' money for school construction.

Capital Appreciation Bonds (CAB): A CAB is a debt instrument governments can use to fund buildings, parks, roads and other capital projects. These bonds pay no interest until the maturity date. In lieu of paying interest on regularly scheduled dates prior to the maturity date, the interest on the bonds is treated as accumulating and gets added to the bond's principal amount until the bonds reach their par value at their maturity date. The interest rates are typically higher to compensate investors for not receiving regular interest payments.

Certificates of Participation (COP): Tax-exempt funds for capital facilities repaid in lease or installment payments and secured by the District's general fund.

Current Interest Bond: A current interest bond has a principal maturity and pays interest semiannually. The interest rates are typically lower than a CAB because the investor receives semiannual interest payments.

Escalation: The provision in a cost estimate for increases in the cost of labor, equipment, material due to continuing price changes over time. Escalation is used to estimate the future cost of a project or to bring historical costs to the present.

General Obligation (GO) Bonds: Municipal bonds which provide a way for state and local governments to raise money for projects that may not generate a revenue stream directly. They require 2/3 voter approval. They are paid for by increasing local property taxes above the limit imposed by Proposition 13. The agency issuing a GO bond is authorized to levy (via the county treasurer) an ad valorem property tax at the rate necessary to repay the principal and interest of the bonds.

Measure M: A \$750 million bond passed in April of 2007 in SFID 3. The planned developments covered under Measure M are Glenborough, Easton Place, Westborough, Rio del Oro, North Douglas and Folsom Ranch.

Measure M Tax Rate: An *average* of \$73.61 per \$100,000 assessed valuation over the term of the bond.

Mello-Roos Special Tax Bonds: Voter approved special tax secured by a lien on the land upon which the tax is levied.

School Impact/Developer Fees: A charge imposed on new development, both residential and commercial. The funds help pay for the costs of providing public facilities, i.e. schools, to new and existing developments. New development usually requires new or improved facilities for schools. These funds can only be used for growth.

School Facility Improvement District (SFID): A portion of a school district that is taxed through bonds based on the value of the property and approved by the voters in that portion of the district being taxed. SFID 3 was formed in June 2006. SFID 3 is located within the boundaries of the school district generally south of Highway 50 to Douglas Boulevard and east of Sunrise Boulevard to the Sacramento/El Dorado county line.