For Immediate Release
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Piedmont USD Issues $15M Bonds For Seismic Safety

Piedmont, Calif. – August 4, 2006 – The Piedmont Unified School District (PUSD) sold two bonds valued at approximately $15 million on July 27th. Proceeds from the bonds will be used to repair, reconstruct, or replace Piedmont public school buildings to protect students and staff from injury in the event of an earthquake. Authorized by voter approval of Measure E in the March 7, 2006 election, both bonds were sold through competitive sales to secure the lowest possible tax rates for Piedmont residents.

For the “Series A” current interest bonds of $10,000, Stone & Youngberg, LLP, was the overall interest rate winner at 4.635% among six total bids. The bonds will mature between 2007 and 2025. Citigroup Global Markets was the successful bidder for the “Series B” capital appreciation bonds of $4,997,722. These zero coupon bonds carry higher interest rates for investors and help to reduce the impact on local taxes for Piedmont residents.

Passage of Measure E, the school seismic risk reduction safety and access program measure, authorized PUSD to issue a maximum of $56 million in bonds at interest rates within the statutory limits. Kelling, Northcross & Nobriga, an Oakland financial advisory firm, assisted the District in structuring the first stage of funding, which will be spent on engineering and design work and initial construction costs at all PUSD schools. Piedmont Unified School District is comprised of 2,600 students in three elementary schools (Havens, Beach, and Wildwood), a middle school (Piedmont Middle School), a high school (Piedmont High School), and an alternative high school (Millennium).

Prior to the sale, the Moody's rating agency assigned an Aa3 rating to the PUSD general obligation bonds, a comparatively high rating for a California school district. On the fiscal front, Moody’s noted narrow reserve levels and a low fund balance as a concern, although the trend is improving. Moody's also affirmed the Aa3 rating on the district's $33.1 million in outstanding general obligation debt. Moody's noted the credit strength of the financial support provided by the community, which includes a parcel tax as well as charitable contributions. In addition, the district's service offerings far exceed those of most other California school districts, providing it with some expenditure flexibility.

Those interested in investing in either series of bonds should contact their individual brokers.