



Resolution No. 2701

Authorizing the Issuance and Sale of Not to Exceed \$130,000,000 Refunding General Bonds

Board Item #10.1

Board of Education

May 3, 2012



Objectives

- General Obligation bonds
 - Provide history and overview of bond program
 - Provide history and overview of refunding bonds
 - Provide market update
 - Discuss estimated savings to taxpayers



Measure History

- Measure E Approved in 1999
 - \$195 million for facility and infrastructure needs
 - Two-thirds voter approval required
- Measure I Approved in 2002
 - Prop 39 Election
 - \$225 million to alleviate overcrowding, facility and infrastructure needs



1999 Measure E Authorization

- The district has issued the full \$195 million of the 1999 authorization.

Date	Series	Par Amount Outstanding	Call Information
March 1, 2000	Election of 1999, Series A*	REFUNDED 2001	N/A
April 1, 2001	Election of 1999, Series B	\$5,525,000	Currently Callable
May 1, 2002	Election of 1999, Series C	\$16,560,000	July 1, 2012
August 1, 2004	Election of 1999, Series D	\$49,040,000	July 1, 2013
September 15, 2001	2001 Refunding Bonds	\$10,155,000	Currently Callable
June 30, 2011	2011 Refunding Bonds	\$79,585,000	July 1, 2021

* In May 2001, the Board authorized the issuance of refunding bonds to refund the then outstanding 2000 Series A bonds.



2002 Measure I Authorization

- The district has issued the full \$225 million of the 2002 authorization:

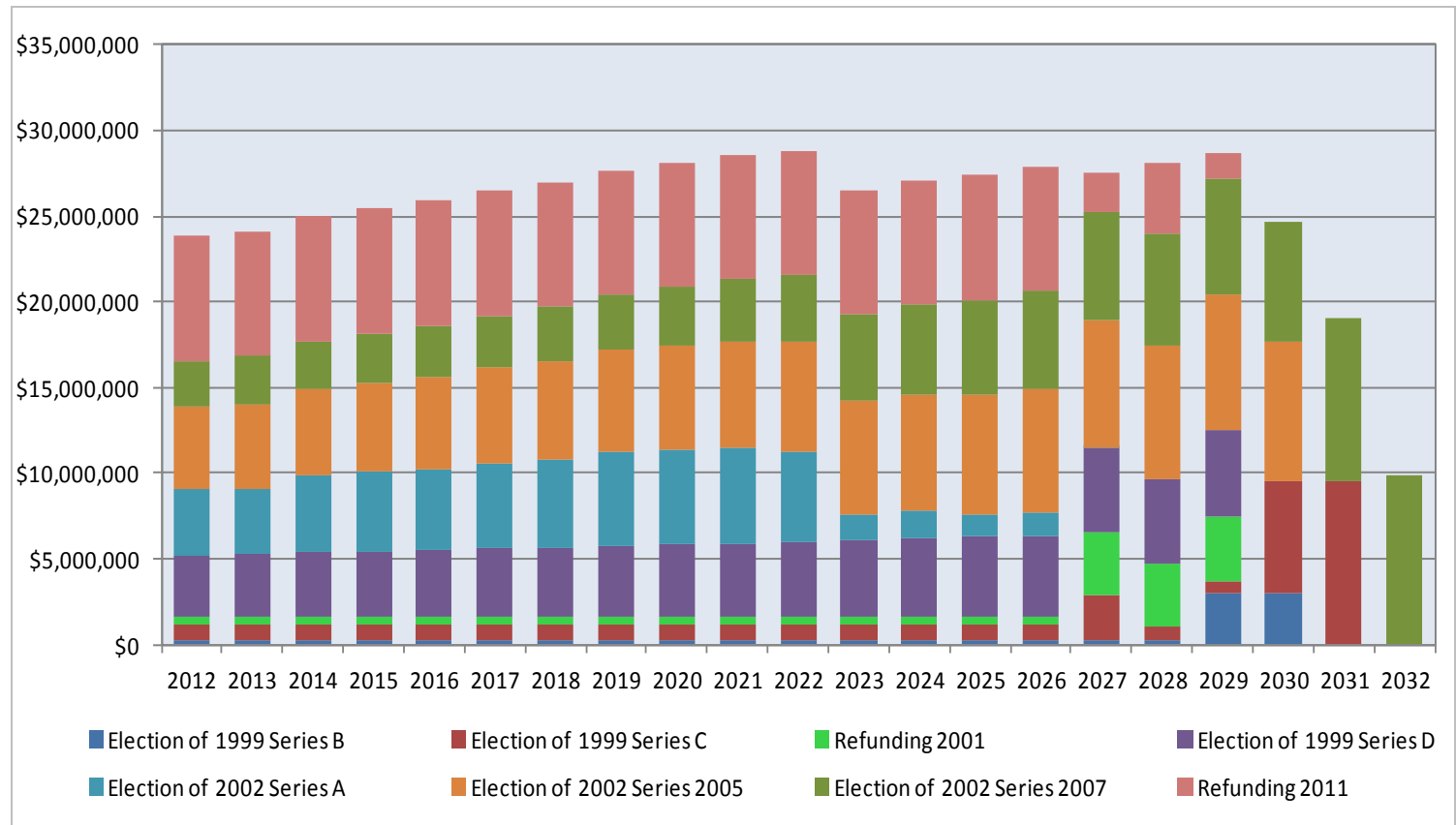
Date	Series	Par Amount Outstanding	Call Information
March 1, 2003	Election of 2002, Series A	\$45,905,000	Currently Callable
July 1, 2005	Election of 2002, Series 2005	\$75,730,000	July 1, 2015
November 14, 2007	Election of 2002, Series 2007	\$57,262,966	July 1, 2017

- The district has not refunded any of the bonds under the 2002 authorization.



General Obligation Bond Debt Service

- Debt service for outstanding G.O. bonds.

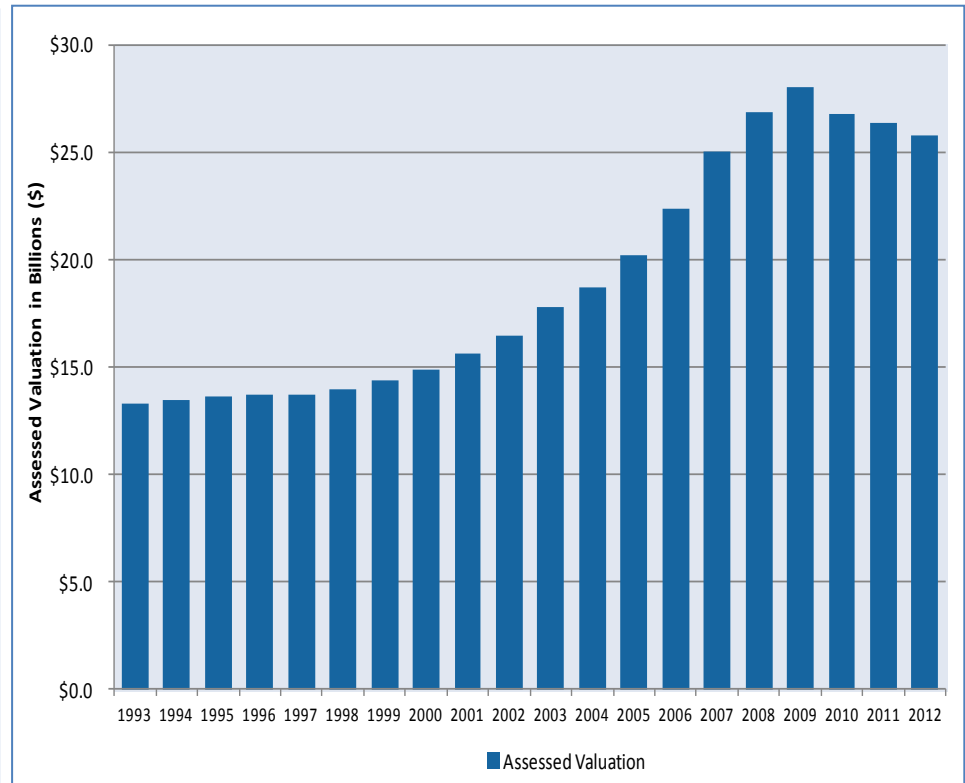




History of Assessed Valuation

- Assessed values have grown at an average annual rate of 3.80% over the last 20 years

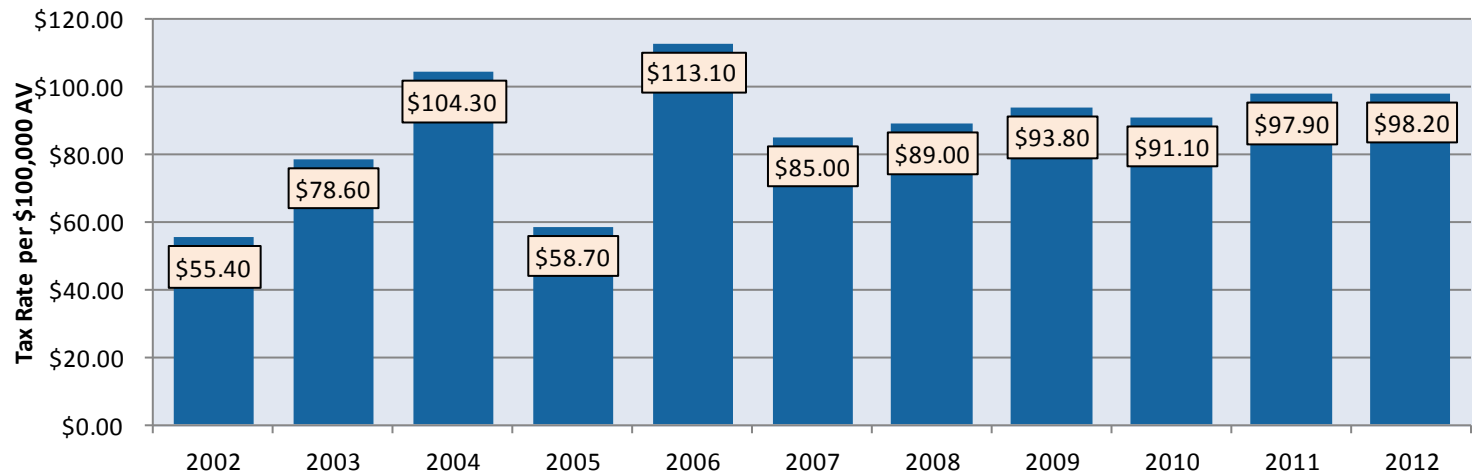
Year	Assessed Valuation	% Change
1993	\$13,313,744,124	7.15%
1994	\$13,466,544,654	1.15%
1995	\$13,671,911,997	1.53%
1996	\$13,714,873,337	0.31%
1997	\$13,725,068,930	0.07%
1998	\$13,942,949,066	1.59%
1999	\$14,347,874,536	2.90%
2000	\$14,889,697,750	3.78%
2001	\$15,628,645,417	4.96%
2002	\$16,482,489,285	5.46%
2003	\$17,779,497,936	7.87%
2004	\$18,695,666,724	5.15%
2005	\$20,174,485,992	7.91%
2006	\$22,363,569,656	10.85%
2007	\$25,024,163,920	11.90%
2008	\$26,886,169,335	7.44%
2009	\$28,039,805,959	4.29%
2010	\$26,743,005,474	-4.62%
2011	\$26,384,610,926	-1.34%
2012	\$25,748,835,318	-2.41%





Historical Tax Rates

- The combined tax rate for all District G.O. bonds is \$98.20 per \$100,000 Assessed Valuation (AV).



- Tax Rate Statements:
 - 1999 Measure E-\$76.00 per \$100,000 AV
 - 2002 Measure I- \$59.70 per \$100,000 AV



Refunding Bond Review

- Purpose of Refunding:
 - Lower debt service
 - Taxpayer savings
 - Restructure debt service
 - Bond program constrains
 - Rising tax rate/declining assessed value



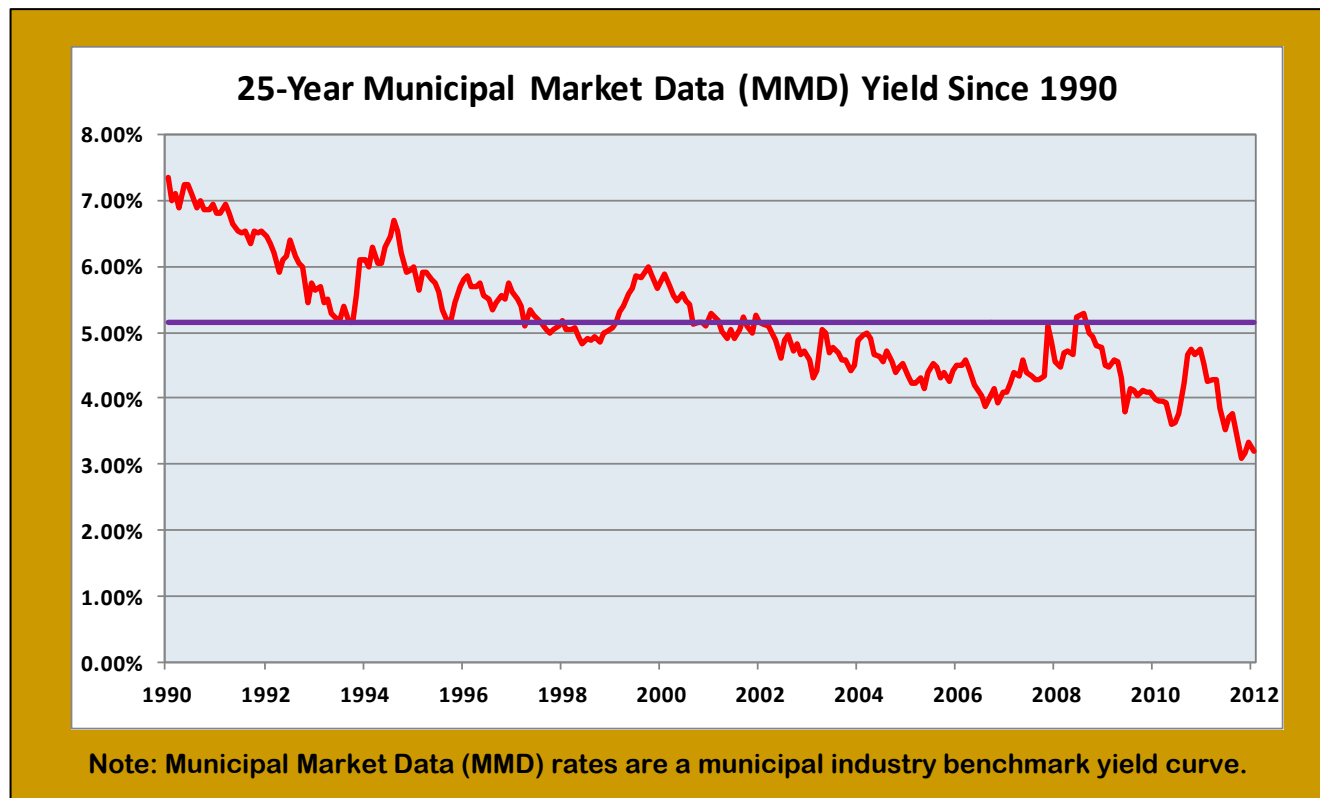
Refunding Rules and Guidelines

- California Government Code
 - General Obligation bonds may be refunded without additional voter approval
 - Term is not extended
 - Overall debt service is not increased
- Three percent is the industry benchmark for minimum savings for a refunding



25-year AAA Municipal Market Data Rates

- The 25-year 'AAA' rated MMD yield is at one of its lowest points since 1990.





Method of Sale

- Negotiated, Competitive and Private Placement
 - Competitive
 - Efficient for “simple” issuance
 - High credit rating
 - Stable and growing districts
 - Negotiated
 - Credits with greater complexity
 - Private Placement
 - Better credits, shorter maturity, smaller par amounts
- Recommend negotiated sale with underwriter previously selected to the pool through competitive process



Potential Refunding Analysis

- Based on current interest rates, the district could achieve **\$12.9** million in debt service savings over the repayment term, or **\$10.2** million in net present value savings.

Interest Rate Change	Net PV Savings	PV Savings as % of Refunded Bonds
-0.50%	\$16,601,214	13.69%
-0.25%	\$13,373,080	11.03%
-0.10%	\$11,486,659	9.47%
0.00%	\$10,249,263	8.45%
+0.10%	\$9,027,759	7.44%
+0.25%	\$7,226,118	5.96%
+0.50%	\$4,298,949	3.54%



Cost of Issuance

- Costs of issuance are estimated not to exceed:

Provider	Service	Cost
Orrick, Sutcliffe & Herrington	Bond Counsel	\$50,000
Orrick, Sutcliffe & Herrington	Disclosure Counsel	\$35,000
KNN Public Finance	Financial Advisory	\$75,000
Moody's	Rating Agency	\$57,000
Standard and Poor's	Rating Agency	\$50,000
TBD per RFP	Escrow Agent	\$2,000
Causey, Demgen Moore	Verification Agent	\$3,000
TBD	Printing	\$5,000
Contingency		\$3,000
Total		\$280,000
Stone & Youngberg, Morgan Stanley	Underwriter (\$4/\$100,000)	\$520,000



Timeline

- May 3 Board approves authorizing resolution and documents
- May 11 Meetings with ratings agencies
- May 18 Posting of Preliminary Official Statement
- May 23 Sale of refunding bonds
- June 13 Closing



Next Steps

- Plan of Finance Going Forward
 - Refunding of General Obligation Bonds
 - Refunding Certificates of Participation (COP)
 - Potential savings to General Fund
 - Pay off Tax Revenue Anticipation Notes
 - Issued \$75 million TRANs April 5