



# Presentation to Board of Trustees



## General Obligation Bonds Election of 2014, Series C (2018)

*\$48,000,000\**

March 6, 2018

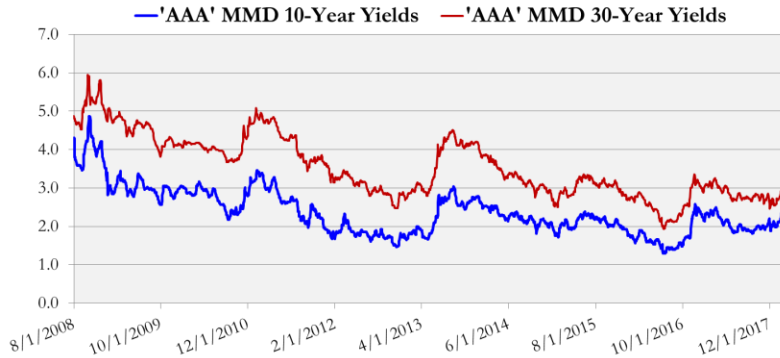
*\*Preliminary and subject to change*



# Summary of Market Conditions

- ❖ **Municipal Market Data (MMD):** 'AAA' rated yield curve published daily by Thomsen Reuters. All tax-exempt municipal bonds price based on a spread to MMD.

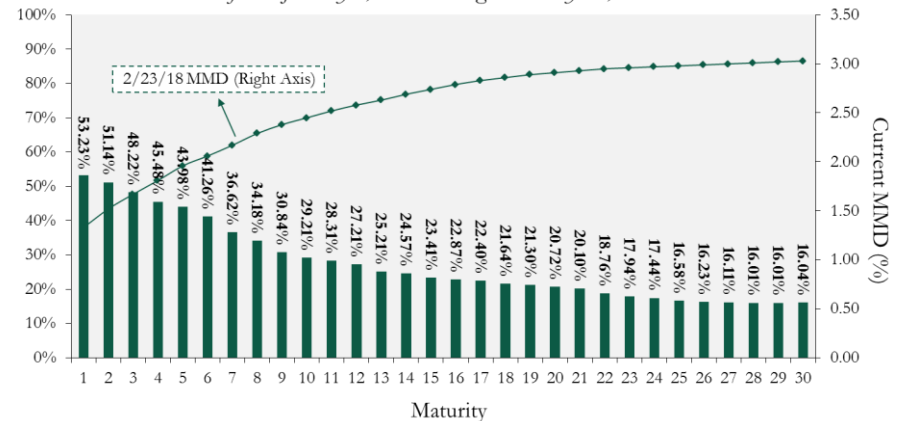
**Change in 'AAA' MMD Yields**  
(August 1, 2008 through February 23, 2018)



➤ Interest rates are beginning to increase with the anticipation of increased inflation

➤ Tax-exempt rates have only been lower 27% of the time along the entire yield curve

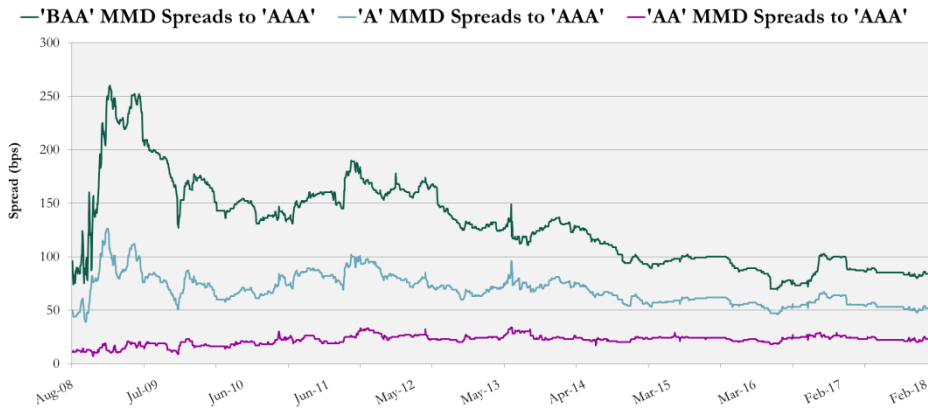
**Current "AAA" MMD and Percentage of Time Historical "AAA" MMD has been Lower than Current "AAA" MMD**  
from January 2, 1998 through February 23, 2018





# Summary of Market Conditions

**30-Year MMD Credit Spreads**  
*August 1, 2008 through February 23, 2018*

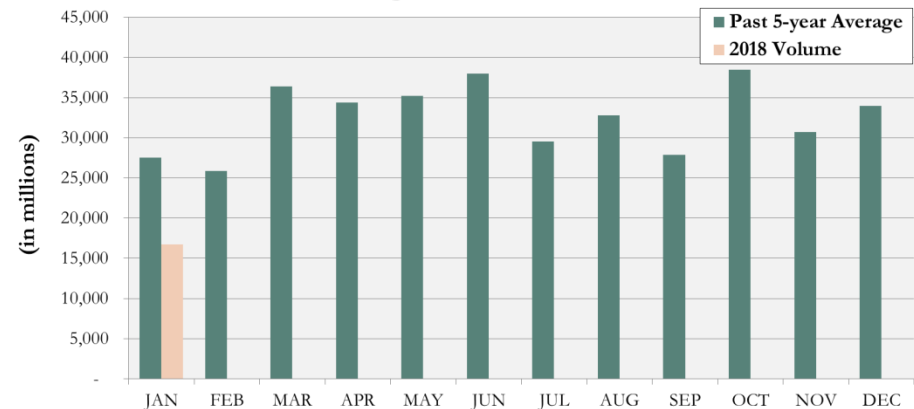


➤ Credit spreads have trended downward since beginning of 2017

➤ Due to the large supply in December 2017, supply in January is much lower compared to previous years

➤ 2018 volume is expected to be 20-25% lower than average

**Long-Term Bond Sales**





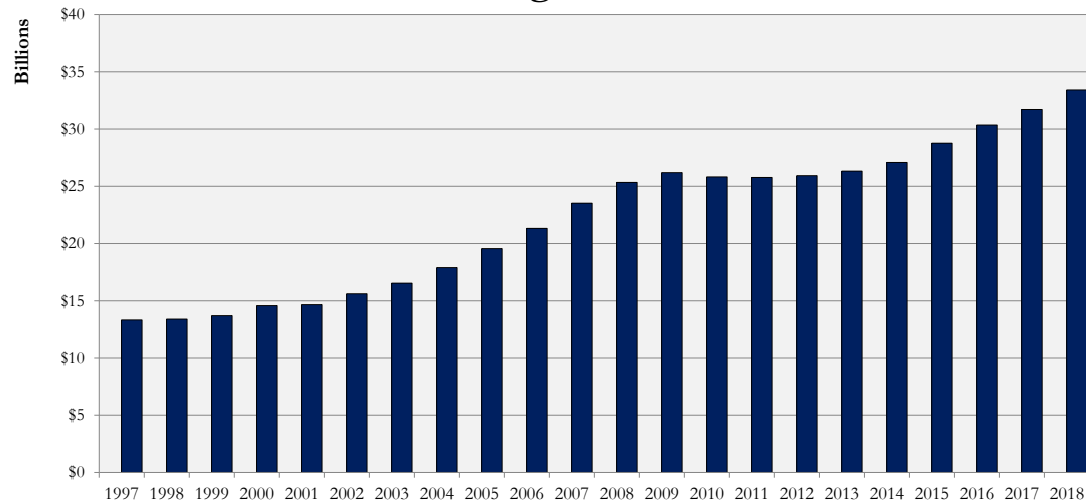
# Historical Assessed Valuation

- ❖ After 2 years of assessed valuation decline in 2010 and 2011, the District has had seven consecutive years of growth in Assessed Value

*Historical Assessed Valuation*

Fiscal Year Ending	L.A. County	Orange County	Total A.V. <sup>(1)(2)</sup>	% Change in Total A.V.
1997	\$1,102,770,815	\$12,232,106,309	\$13,334,877,124	-1.20%
1998	1,105,346,085	12,295,383,885	13,400,729,970	0.49%
1999	1,128,411,252	12,574,329,276	13,702,740,528	2.25%
2000	1,161,649,200	13,415,926,643	14,577,575,843	6.38%
2001	1,255,765,116	13,410,854,631	14,666,619,747	0.61%
2002	1,325,385,335	14,284,741,064	15,610,126,399	6.43%
2003	1,411,438,306	15,126,327,885	16,537,766,191	5.94%
2004	1,508,033,385	16,386,688,343	17,894,721,728	8.21%
2005	1,616,745,331	17,943,641,894	19,560,387,225	9.31%
2006	1,768,874,492	19,559,358,789	21,328,233,281	9.04%
2007	1,979,817,867	21,545,545,089	23,525,362,956	10.30%
2008	2,109,177,811	23,235,159,131	25,344,336,942	7.73%
2009	2,196,450,370	23,997,507,290	26,193,957,660	3.35%
2010	2,180,737,272	23,639,899,682	25,820,636,954	-1.43%
2011	2,110,979,072	23,663,933,178	25,774,912,250	-0.18%
2012	2,158,962,680	23,763,473,477	25,922,436,157	0.57%
2013	2,217,732,839	24,101,068,803	26,318,801,642	1.53%
2014	2,307,136,219	24,769,048,188	27,076,184,407	2.88%
2015	2,418,460,340	26,340,861,589	28,759,321,929	6.22%
2016	2,533,713,215	27,815,616,006	30,349,329,221	5.53%
2017	2,643,086,303	29,069,805,213	31,712,891,516	4.49%
2018	2,773,288,053	30,645,356,809	33,418,644,862	5.38%
			<b>22-Year Average:</b>	<b>4.27%</b>
			<b>10-Year Average:</b>	<b>2.83%</b>

**Historical % Change in Total Assessed Value**



Fiscal Year	Assessed Value	Factor	Statutory Bonding Capacity	Outstanding Principal as of 3/6/18	Net Statutory Bonding Capacity
2017-18	\$33,418,644,862	1.25%	\$417,733,061	\$121,665,000	\$296,068,061



# 2014 Measure I

- ❖ The District's voters approved Measure I, a \$175 million bond measure on the November 4, 2014 ballot
  - First series of bonds sold competitive basis for 3.207% True Interest Cost
  - Second series of bonds sold competitive basis for 3.404% True Interest Cost
  
- ❖ The District is preparing to issue its third series of General Obligation Bonds under Measure I in Spring 2018
  - Series A: \$42,500,000 issued in October 2015
  - Series B: \$40,000,000 issued in April 2017
  - Series C\*: \$48,000,000 to be issued in April 2018**
  - Series D\*: \$41,000,000 to be issued in 2021-22

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\* Preliminary, subject to change.



# General Obligation Bonds, Election of 2014, Series C (2018) Overview\*

<b>Sources</b>	
<b>Bond Proceeds</b>	
Par Amount	\$48,000,000.00
Net Premium	2,918,159.10
<b>Total</b>	<b>\$50,918,159.10</b>
<b>Uses</b>	
<b>Project Fund Deposits</b>	
Project Fund	\$47,368,000.00
<b>Other Fund Deposits</b>	
Debt Service Fund	\$2,918,159.10
<b>Delivery Date Expenses</b>	
Cost of Issuance	\$200,000.00
Underwriter's Discount	432,000.00
	\$632,000.00
<b>Total</b>	<b>\$50,918,159.10</b>

	Principal	Interest	Debt Service Fund	Net Debt Service
8/1/2018	-	\$528,938	\$528,938	-
8/1/2019	-	1,983,519	1,983,519	-
8/1/2020	\$920,000	1,983,519	405,702	\$2,497,817
8/1/2021	700,000	1,955,919		2,655,919
8/1/2022	25,000	1,927,919		1,952,919
8/1/2023	145,000	1,926,919		2,071,919
8/1/2024	270,000	1,921,119		2,191,119
8/1/2025	410,000	1,907,619		2,317,619
8/1/2026	560,000	1,887,119		2,447,119
8/1/2027	725,000	1,859,119		2,584,119
8/1/2028	905,000	1,822,869		2,727,869
8/1/2029	1,095,000	1,777,619		2,872,619
8/1/2030	1,310,000	1,722,869		3,032,869
8/1/2031	1,535,000	1,657,369		3,192,369
8/1/2032	1,760,000	1,595,969		3,355,969
8/1/2033	1,985,000	1,543,169		3,528,169
8/1/2034	2,225,000	1,481,138		3,706,138
8/1/2035	2,485,000	1,411,606		3,896,606
8/1/2036	2,760,000	1,330,844		4,090,844
8/1/2037	3,055,000	1,241,144		4,296,144
8/1/2038	3,360,000	1,141,856		4,501,856
8/1/2039	3,695,000	1,028,456		4,723,456
8/1/2040	4,045,000	903,750		4,948,750
8/1/2041	5,460,000	701,500		6,161,500
8/1/2042	8,570,000	428,500		8,998,500
<b>Total</b>	<b>\$48,000,000</b>	<b>\$37,670,364</b>	<b>\$2,918,159</b>	<b>\$82,752,204</b>

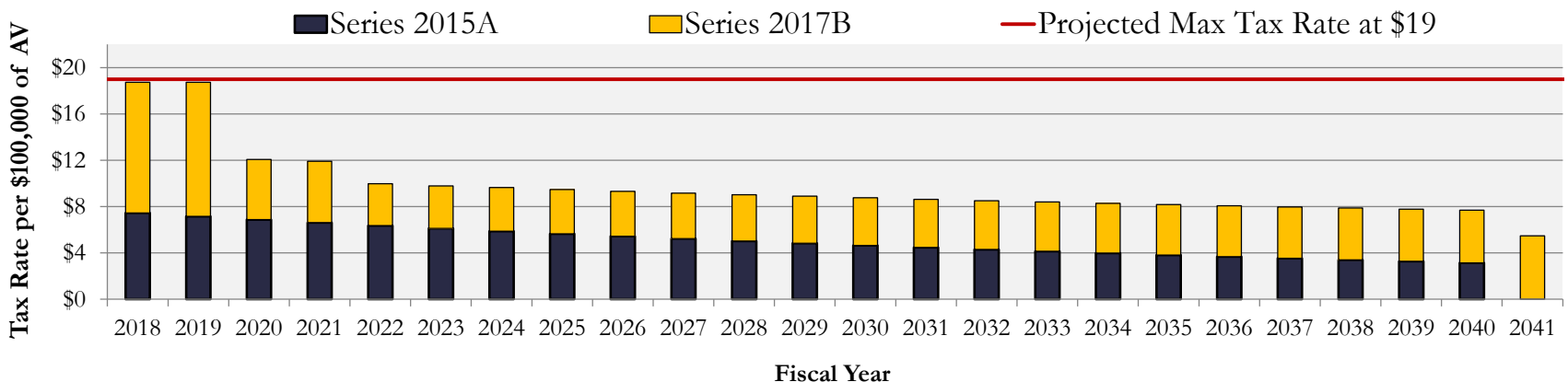
\* Preliminary and subject to change.  
 Note: Assumes market conditions as of February 2018.



# Current Measure I Projected Tax Rates

- ❖ The District currently has two series of GO Bonds outstanding under the November 4, 2014 Prop 39 Election, with a not-to-exceed authorization of \$175,000,000
  - Series A (2015) was issued on October 28, 2015 in the principal amount of \$42,500,000
    - \$38,210,000 in principal remains outstanding, callable on August 1, 2025 @ 100%
  - Series B (2017) was issued on April 26, 2017 in the principal amount of \$40,000,000
    - \$40,000,000 in principal remains outstanding, callable on August 1, 2027 @ 100%
  - \$44,500,000\* in authorization will be remaining after the issuance of the Series C Bonds

## Election of 2014 - Projected Tax Rates <sup>(1)</sup>



\* Preliminary, subject to change.

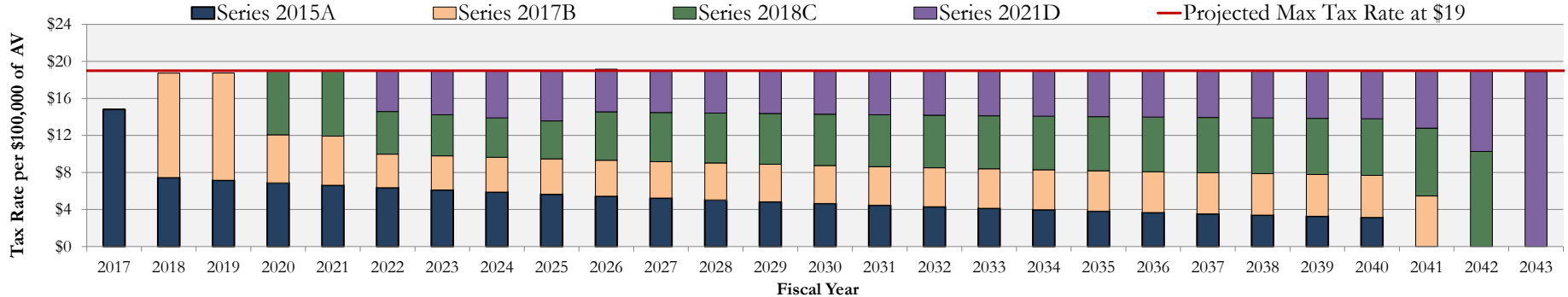
<sup>(1)</sup> Assumes 4.00% growth for FY 18-19 and every year thereafter.



# March 2018 Updated Bond Issuance Schedule

- ❖ Issuing bonds sooner than anticipated reduces flexibility, however continued Assessed Value growth above 4.00% can help the District reach the \$175 million total authorization (5-year average rate of 4.90%)
- ❖ The District could also issue a Bond Anticipation Note in the future to reach the full \$175 million in authorization, which would be repaid by a final general obligation bond in 1-5 years

## Election of 2014 - Projected Tax Rates (1)(2)



	Series 2015	Series 2017	Series 2018	Series 2021	Total
Issue Date	10/28/2015	4/26/2017	4/25/2018	8/1/2021	-
Par Amount	42,500,000	40,000,000	48,000,000	41,000,000	171,500,000
Project Amount	41,945,000	39,676,709	47,368,000	40,472,000	169,461,709
Final Maturity Date	8/1/2040	8/1/2041	8/1/2042	8/1/2043	8/1/2043

(1) Assumes 4.00% growth for FY 18-19 and every year thereafter.

(2) Series 2018 assumes market conditions as of February 2018. Subsequent series assume MMD 15-year average 'A' scale and 5.00% coupons.

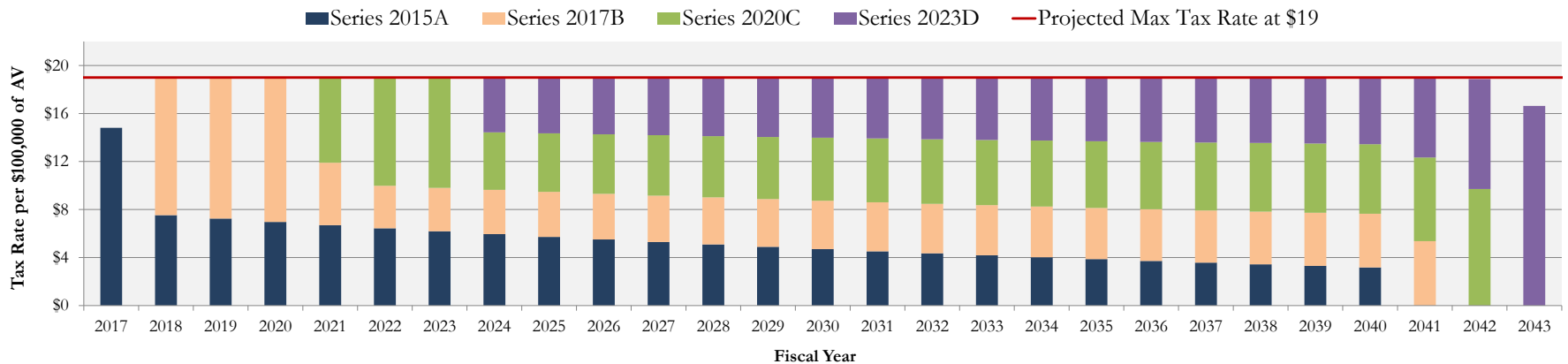




# March 2017 Updated Bond Issuance Schedule

- ❖ The School District could issue \$40 million in 2017 and issue the remaining Measure I authorization by 2023

Election of 2014 - Projected Tax Rates<sup>(1)(2)</sup>



	Series 2015	Series 2017	Series 2020	Series 2023	Total
Issue Date	10/28/2015	5/2/2017	8/1/2020	8/1/2023	-
Par Amount	\$42,500,000	\$40,000,000	\$46,250,000	\$46,250,000	\$175,000,000
Project Amount	\$41,945,000	\$39,375,000	\$45,726,250	\$45,726,250	\$172,772,500
Final Maturity Date	8/1/2040	8/1/2041	8/1/2042	8/1/2043	8/1/2043
Percentage of CIBs	100%	100%	100%	100%	100%
Percentage of CABs	0%	0%	0%	0%	0%
Repayment Ratio	1.46	1.56	1.67	1.69	1.60

(1) Assumes 4.00% growth for FY 17-18 and every year thereafter.

(2) Series 2017B assumes market conditions as of February 2017. Subsequent series assume MMD 10-year average 'AA' scale.



# SB 450 Requirements\*

- SB 450 is a recent law effective January 1, 2018 signed into law on October 9, 2017
- Requires that certain information be provided to the public prior to authorization of bonds with a term of greater than 13 month
- The following good faith estimates should be disclosed to the Board:
  - True Interest Cost: **3.784%**
  - Sum of all fees and charges paid to third parties/consultants:  
**\$200,000 for Cost of Issuance, \$432,000 for Underwriter's Discount**  
**(Total: \$632,000)**
  - Amount of proceeds received by the public body from bond sale:  
**\$47,368,000 towards the School District's building fund**
  - Total repayment amount: **\$85,760,363.53**

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\* Reflects estimates as of February 2018; preliminary and subject to change.



# Questions and Answers

