

November 9, 2017

Bonsall Unified School District

Introduction to Keygent & Prospective Bond Program Overview

Keygent LLC

999 N. Sepulveda Blvd., Ste. 500

El Segundo, CA 90245

(310) 322-4222



Keygent Introduction

Keygent is an independent financial advisor with a sole focus on California education

- ◆ Headquartered in El Segundo, California
- ◆ Keygent serves solely as an independent financial advisor; we are not:
 - Campaign strategists
 - Pollsters
 - Facility master planners
 - Construction program managers
- ◆ Keygent's professionals are highly trained in quantitative analysis and have structured over 400 bond financings totaling over \$13 billion

Summary of Keygent's Financings

Type of Financing	# of Financings	Total Par Amount
General obligation bonds	283	\$ 11,351,655,850
Community facilities district bonds	19	210,840,000
Bond anticipation notes	24	707,403,595
Certificates of participation/leases	22	209,515,245
Tax and revenue anticipation notes	71	521,690,000
Total	419	\$ 13,001,104,690

Source: Keygent.

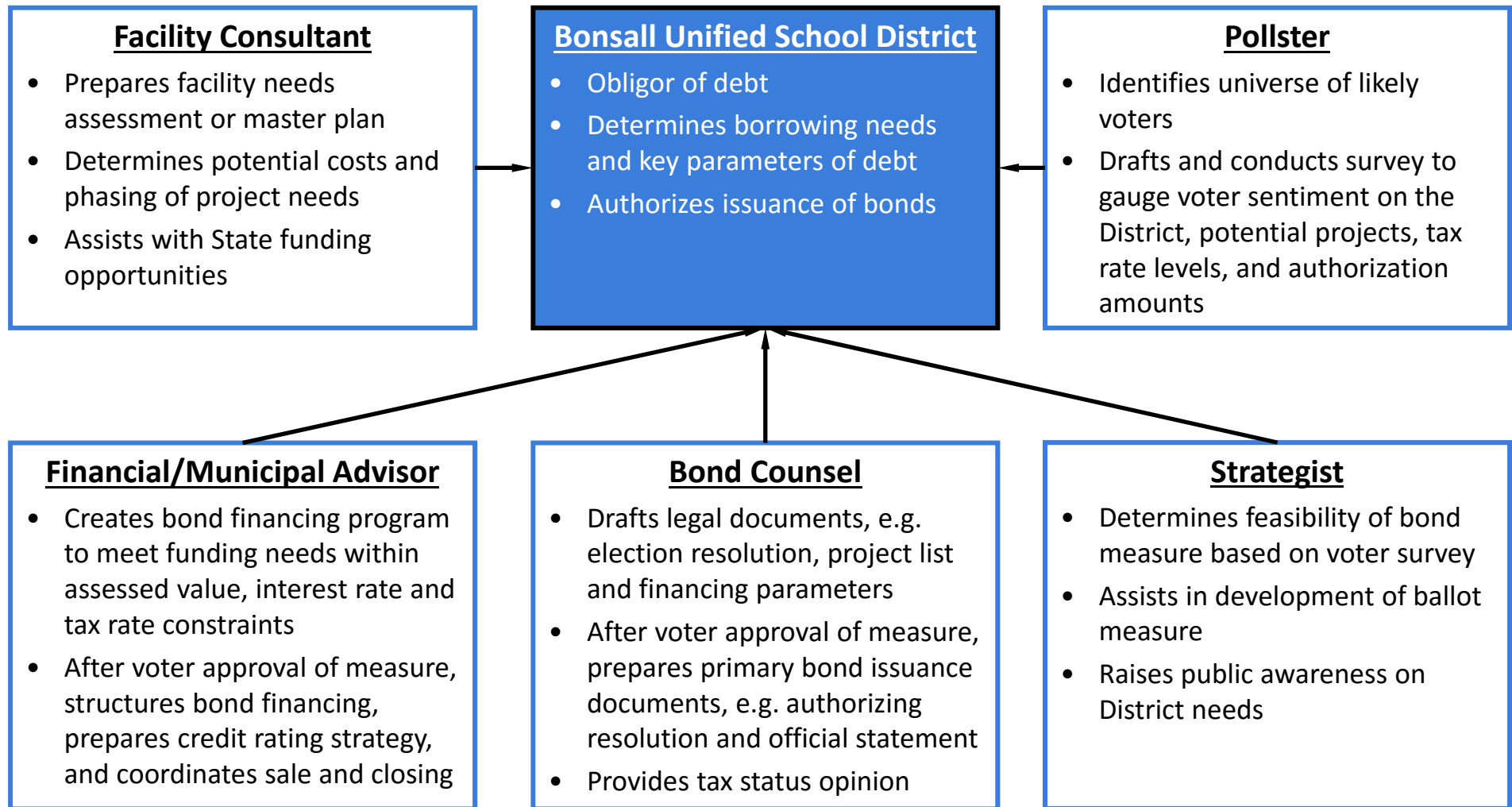
California K-12 Expertise

Keygent advises a broad range of California school districts up and down the State, which includes large and small, urban and rural, basic aid and LCFF districts

Following is a sampling of current advisory clients:

- ◆ Beverly Hills USD
- ◆ Clovis USD
- ◆ Culver City USD
- ◆ Fremont USD
- ◆ Fresno USD
- ◆ Glendale USD
- ◆ Long Beach USD
- ◆ Mountain View Whisman SD
- ◆ Roseville Jt. Union HSD
- ◆ San Carlos ESD
- ◆ San Mateo Union HSD
- ◆ Santa Monica-Malibu USD
- ◆ Tahoe Truckee USD
- ◆ Tustin USD

Bond Program Formation Team



Note: In accordance with Attorney General Opinion No. 13-304 (issued on January 26, 2016), no fees can be paid to a municipal finance firm for (1) bond campaign services such as community outreach, polling, election strategy and advocacy, or (2) pre-election services such as assisting the District with the financial planning for and placement of the District's measure on the ballot.

Bond Program Considerations

General obligation bond programs are generally structured based on:

- ◆ Funding needs

- District projects
 - Scope
 - Cost
 - Timing

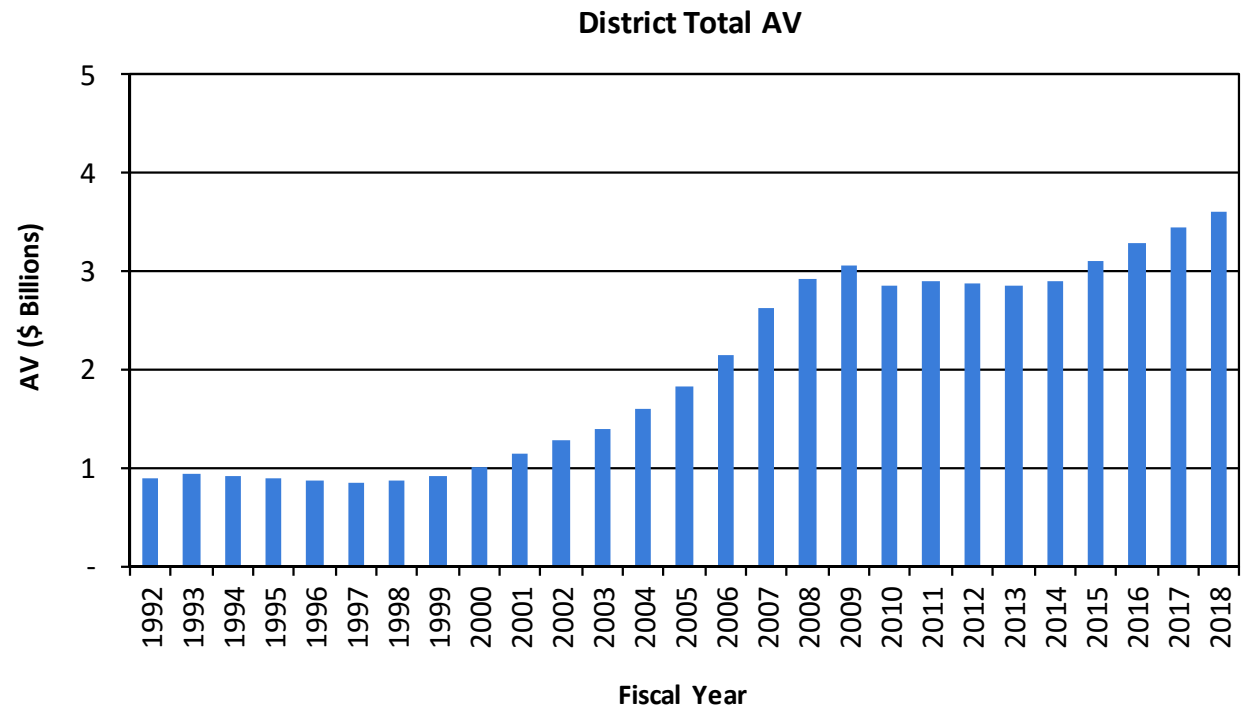
- ◆ Financing constraints

- District assessed value (“AV”)
- Interest rates
- Tax rates
- Legal parameters
 - State law
 - Federal law

District AV

The District has experienced 26.5% AV growth since its last decline in 2012-13

FY	Total AV ⁽¹⁾	Annual % Change
1992	\$ 885,551,219	
1993	936,544,572	5.76 %
1994	925,858,232	-1.14
1995	894,615,560	-3.37
1996	862,485,369	-3.59
1997	846,178,174	-1.89
1998	865,448,098	2.28
1999	922,698,924	6.62
2000	1,004,270,579	8.84
2001	1,132,362,080	12.75
2002	1,270,079,984	12.16
2003	1,404,124,315	10.55
2004	1,603,686,817	14.21
2005	1,830,365,471	14.13
2006	2,146,409,464	17.27
2007	2,615,258,135	21.84
2008	2,927,249,711	11.93
2009	3,053,573,066	4.32
2010	2,845,018,907	-6.83
2011	2,889,789,131	1.57
2012	2,876,252,308	-0.47
2013	2,845,393,772	-1.07
2014	2,906,027,569	2.13
2015	3,095,724,488	6.53
2016	3,279,290,142	5.93
2017	3,437,102,487	4.81
2018	3,598,210,356	4.69

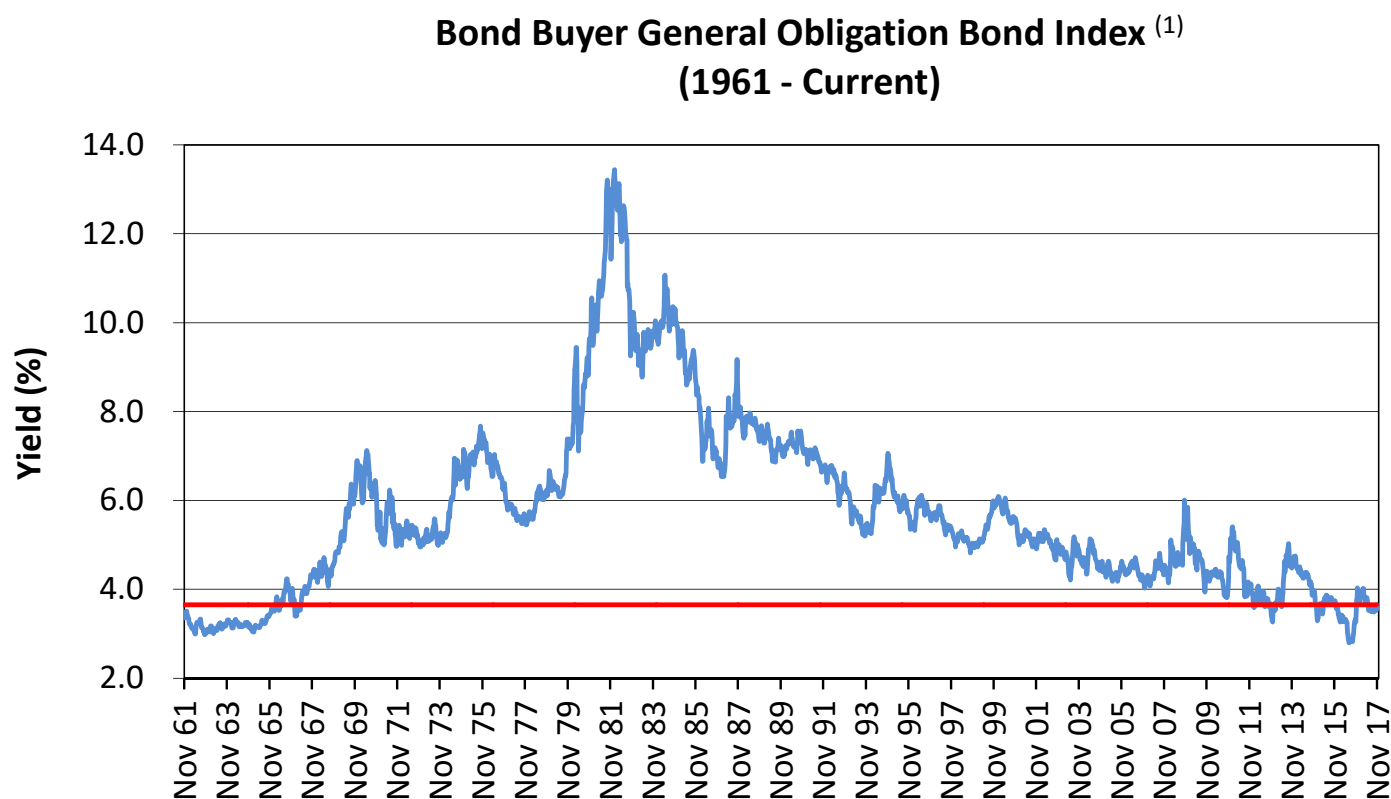


Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	4.69 %	3-year:	-2.96 %
5-year:	4.81	5-year:	-1.57
10-year:	2.09	10-year:	2.09
15-year:	6.47	15-year:	6.47
20-year:	7.38	20-year:	5.71
25-year:	5.53	25-year:	5.53

(1) Source: California Municipal Statistics, Inc. and San Diego Auditor-Controller's Office.

Interest Rates

Despite recent volatility, municipal bond interest rates remain near historic lows



(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

Illustrative Election Scenario

Summary: Request voters to authorize a new tax in an amount of up to \$60 per \$100,000 of AV (Proposition 39 max)

◆ **Assumptions:**

- November 2018 Proposition 39 election
- Interest rates: 5.0% - 6.0% ⁽¹⁾
- No capital appreciation bonds
- Annual AV growth rate: 4.0%

Illustrative Issuance Schedule ⁽¹⁾

Issue	Issue Date	Proceeds	Repayment Ratio
Series A	February 2019	\$ 18,700,000	1.98 to 1
Series B	August 2021	18,700,000	2.10 to 1
Series C	August 2023	18,700,000	2.21 to 1
Total		\$ 56,100,000	2.10 to 1

Tax Rate Sensitivity

Tax Rate	Proceeds
\$60.00	\$ 56,100,000
\$45.00	42,075,000
\$30.00	28,050,000
\$15.00	14,025,000

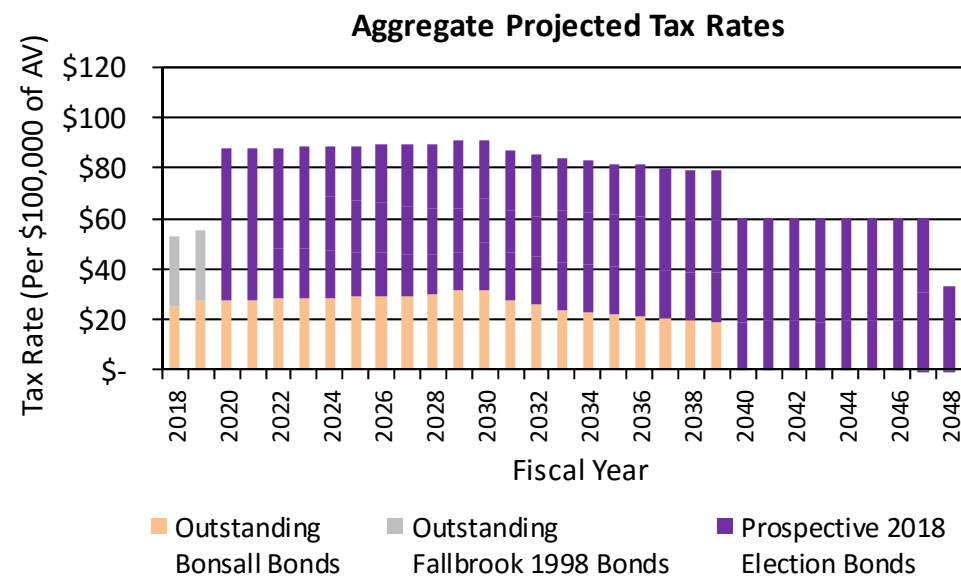
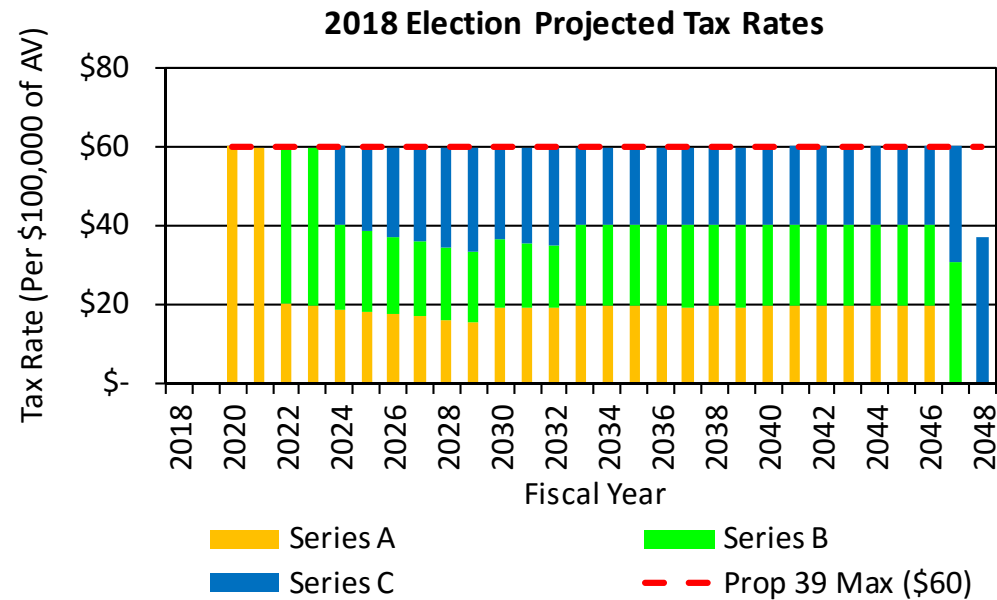
AV Sensitivity

AV Growth	Proceeds
4.50%	\$ 57,900,000
4.00%	56,100,000
3.50%	54,300,000

(1) Higher than current market interest rates as of November 3, 2017 to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

Illustrative Tax Rates After Prospective 2018 Election



Illustrative November 6, 2018 Election Timeline

Activity	Minimum Timing
Develop or update District facility needs assessment to identify and prioritize potential bond projects	Currently – April 2018
Assemble bond team, including District personnel, financial advisor, bond counsel, underwriter, pollster, and strategist	Currently – April 2018
Determine all available sources of capital improvement funds, including State funds, capital fund reserves, donations, developer fees, and bond proceeds	Currently – April 2018
Begin community outreach to educate voters on District’s facility needs	Currently & Ongoing
Identify issues within the community that could impact the bond election	Currently – April 2018
Conduct voter opinion survey (if necessary)	April 2018
Adjust community messages based on voter opinion survey	May 2018 – Jul 2018
Identify community leaders to serve on campaign committee	Jul 2018
Finalize bond projects list, election amount, estimated tax rates, and draft ballot language	Jul 2018
Adopt resolution, including tax rate statement, calling for bond election (<i>must be received by County Registrar of Voters by August 10, 2018</i>)	Jul 2018
Prepare impartial analysis (bond counsel, county counsel) and pro-ballot argument (committee, campaign consultant) for voter pamphlet	Aug 2018
Fund raising by bond committee	Aug 2018 – Oct 2018
Conduct active “Yes on” campaign	Aug 2018 – Oct 2018
Election	Nov 8, 2018
Certify election results	Dec 2018
Issuance of bonds	Feb 2019