



Bonsall Unified School District

Isom Advisors A Division of  
**URBAN FUTURES** | Incorporated

# Isom Advisors Statement of Qualifications

November 9, 2017



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## About the Firm

# Introduction

Meeting your financial challenges and saving you money

Bonsall Unified School District

- ❖ Isom Advisors is a full service planning, campaign, and financial advisory firm that serves California school districts
- ❖ The leading financial advisor to school districts since 2011 based on number of financings
- ❖ Our staff has over 50 years experience providing honest advice and the highest level of service
- ❖ Strong references from our clients
- ❖ Recent local experience includes:
  - Cardiff ESD
  - Encinitas ESD
  - Rancho Santa Fe ESD



"Isom Advisors brought to me an innovative plan that would upgrade and renovate our facilities as well as improve the general fund. They implemented the plan to perfection and we won handily."

**Tim Baird, Superintendent**  
Encinitas Union School District

# A Leader in the Industry

More K-12 bonds sold since 2011 than any FA firm

Bonsall Unified School District

- ❖ Isom Advisors has been the *leading Financial Advisor to California school districts in 2011, 2012, 2013, 2014, 2015, 2016, and 2017.*
- ❖ We are able to provide our clients unparalleled experience in developing bond structures and determining appropriate interest rates.

2017 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales to date 10/16/17 <sup>(1)</sup>

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	105
Dale Scott & Co.	33
Kelling Northcross Nobriga	27
Fieldman Rolapp	24
Keygent	19
Caldwell Flores Winters	18
PFM	17

2016 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	98
Keygent	42
Dale Scott & Co.	36
Fieldman Rolapp	33
Kelling Northcross Nobriga	33
Government Financial Strategies	30
Caldwell Flores Winters	26

2015 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	93
Dale Scott & Co.	36
Keygent	32
Kelling Northcross Nobriga	25
Caldwell Flores Winters	25
Government Financial Strategies	22
Fieldman Rolapp	21

2014 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	48
Keygent	37
Dale Scott & Co.	17
Caldwell Flores Winters	15
Fieldman Rolapp	11
Government Financial Strategies	11
Dolinka Group	10

2013 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	55
Keygent	41
Dale Scott & Co.	29
Fieldman Rolapp	29
Caldwell Flores Winters	28
Kelling Northcross Nobriga	25
Dolinka Group	25

2012 Ranking of Top 7 K-12 CA Financial Advisors  
# of District Bond Sales

Financial Advisor	Districts
Isom Advisors, Urban Futures Inc.	31
Keygent	30
Kelling Northcross Nobriga	27
Caldwell Flores Winters	18
Dale Scott & Co.	18
Government Financial Strategies	14
Dolinka Group	13

Source: California Debt and Investment Advisory Commission, Thompson Reuters, Isom Advisors

\* Does not include TRANS or CFDs

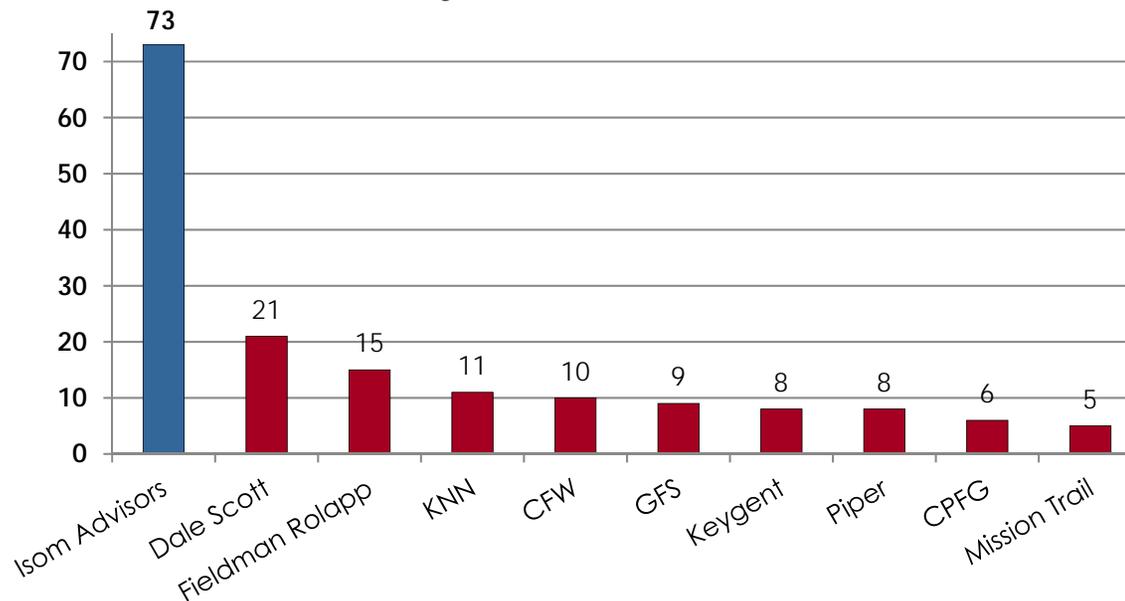
# 2016 Bond Program Successes

There was a lot of support for CA school bonds in 2016

Bonsall Unified School District

- ❖ In 2016, 221 bond measures for California K-12 school districts were approved by local voters.
- ❖ Isom Advisors assisted nearly *35% of all California K-12 school bond measures in 2016.*

2016 Successful K-12 New School Bond Programs  
by Financial Advisors



Source: Isom Advisors

# Leading FA to K-12 Districts

How Does Having #1 Help Your District

Bonsall Unified School District

- ❖ **Ratings** – our firm negotiates more ratings for more districts than any firm and has had dozens of rating upgrades on behalf of our clients
- ❖ **Insurance** – our firm negotiates more insurance contracts and has excellent relations with insurer analysts
- ❖ **Interest Rates** – our firm works with more underwriters and sells more bonds than any FA firm; tremendous experience and knowledge of the market
- ❖ **County Relations** – excellent working relations with San Diego County Treasurers' Offices
- ❖ **Unmatched Expertise** – more bond sales means more experience, more resources, and more exposure to legal, financial, and political issues

# 2014 Bond Program Successes

Assisting school districts pass 42 tax measures

## Bonsall Unified School District

- ❖ In June 2014, we assisted nearly 50% of all K-12 school bonds in California
- ❖ In November 2014, we helped an additional 27 school districts with local tax measures; nearly 33% of all school bonds in California
- ❖ *25 of our successful school district clients in 2014, or 60%, are small school districts with ADA under 3,100*

June 2014 G.O. Bond Successes		
District	County	Amount <sup>(1)</sup>
<b>Bayshore ESD</b>	<b>San Mateo</b>	<b>\$6.0</b>
Benicia USD	Solano	\$49.6
Cotati RP USD	Sonoma	\$80.0
<b>Happy Valley ESD</b>	<b>Shasta</b>	<b>\$2.5</b>
Hydseville ESD	Humboldt	\$1.1
<b>Kingsburg HSD</b>	<b>Fresno</b>	<b>\$13.0</b>
<b>Le Grand HSD</b>	<b>Merced</b>	<b>\$4.2</b>
<b>Merced River ESD</b>	<b>Merced</b>	<b>\$1.7</b>
Parlier USD	Fresno	\$6.0
<b>Petaluma ESD</b>	<b>Sonoma</b>	<b>\$21.0</b>
Petaluma HSD	Sonoma	\$68.0
<b>Princeton USD</b>	<b>Glenn</b>	<b>\$2.8</b>
<b>Round Valley USD</b>	<b>Mendocino</b>	<b>\$4.0</b>
<b>Springville ESD</b>	<b>Tulare</b>	<b>\$4.0</b>
<b>Winters USD</b>	<b>Yolo</b>	<b>\$15.0</b>

(1) In Millions

(2) Bolded blue districts have ADA less than 3,100

Nov. 2014 Tax Measure Successes		
District	County	Amount <sup>(1)</sup>
Azusa USD	Los Angeles	\$92.0
Bassett USD	Los Angeles	\$30.0
<b>Briggs ESD</b>	<b>Ventura</b>	<b>\$4.0</b>
<b>Cinnabar ESD</b>	<b>Sonoma</b>	<b>\$2.5</b>
<b>Columbia ESD</b>	<b>Shasta</b>	<b>\$8.6</b>
<b>Dixie ESD</b>	<b>Marin</b>	<b>\$30.0</b>
<b>East Nicolaus HSD</b>	<b>Sutter</b>	<b>\$4.0</b>
<b>Farmersville USD</b>	<b>Tulare</b>	<b>\$4.8</b>
Greenfield ESD – A	Monterey	\$10.0
Greenfield ESD – B	Monterey	\$10.0
<b>Gustine USD</b>	<b>Merced</b>	<b>\$14.0</b>
<b>Kentfield ESD</b>	<b>Marin</b>	<b>\$30.0</b>
<b>Lakeport USD</b>	<b>Lake</b>	<b>\$17.0</b>
Madera USD	Madera	\$70.0
Mendota USD	Fresno	\$15.0
<b>Oak Grove ESD</b>	<b>Sonoma</b>	<b>\$6.0</b>
<b>Ojai USD</b>	<b>Ventura</b>	<b>\$35.0</b>
Rio ESD	Ventura	\$38.5
San Luis Coastal USD	San Luis Ob.	\$177.0
Santa Rosa ESD	Sonoma	\$54.0
Santa Rosa HSD	Sonoma	\$175.0
<b>Southern Humboldt USD</b>	<b>Humboldt</b>	<b>\$10.0</b>
<b>Tipton ESD</b>	<b>Tulare</b>	<b>\$3.3</b>
Torrance USD - A	Los Angeles	\$144.3
Torrance USD - B	Los Angeles	\$50.0
Vacaville USD	Solano	\$194.0
<b>Yreka HSD</b>	<b>Siskiyou</b>	<b>\$8.0</b>

(1) In Millions

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# 2016 Bond Program Successes

There was a lot of support for CA school bonds in 2016

Bonsall Unified School District

- ❖ Isom Advisors worked on **over** 70 successful K-12 bond measures in June and November 2016, which was approximately 1/3<sup>rd</sup> of all State bond programs; *38 of which are small districts with ADA less than 3,100*

June 2016 Isom Advisors G.O. Bond Successes		
District	County	Amount <sup>(1)</sup>
Albany USD	Alameda	\$25.0
Albany USD	Alameda	\$70.0
<b>Balico-Cressy ESD</b>	<b>Merced</b>	<b>\$6.5</b>
<b>Black Butte ESD</b>	<b>Shasta</b>	<b>\$4.0</b>
Cutler-Orosi USD	Tulare	\$16.0
<b>Cuyama JUSD</b>	<b>Santa Barbara</b>	<b>\$6.0</b>
Fairfield-Suisun USD	Solano	\$249.0
Franklin McKinley ESD	Santa Clara	\$67.4
Gilroy USD	Santa Clara	\$170.0
<b>Hermosa Beach ESD</b>	<b>Los Angeles</b>	<b>\$59.0</b>
<b>Junction ESD</b>	<b>Shasta</b>	<b>\$3.5</b>
<b>Kelseyville USD</b>	<b>Lake</b>	<b>\$30.0</b>
<b>Kingsburg ESD</b>	<b>Fresno</b>	<b>\$10.0</b>
<b>Klamath Trinity USD</b>	<b>Humboldt</b>	<b>\$6.5</b>
Livermore USD	Alameda	\$245.0
<b>Pope Valley ESD</b>	<b>Napa</b>	<b>\$4.0</b>
<b>San Antonio ESD</b>	<b>Monterey</b>	<b>\$2.1</b>
Santa Paula USD	Ventura	\$39.6
Walnut Creek ESD	Contra Costa	\$60.0
Wasco ESD	Kern	\$9.7
Wasco ESD	Kern	\$9.4

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November 2016 Isom Advisors G.O. Bond Successes (A)		
District	County	Amount <sup>(1)</sup>
<b>Arcata ESD</b>	<b>Humboldt</b>	<b>\$3.4</b>
<b>Armona ESD</b>	<b>Kings</b>	<b>\$6.5</b>
<b>Bayshore ESD</b>	<b>San Mateo</b>	<b>\$7.0</b>
Brawley ESD	Imperial	\$14.0
Burton	Tulare	\$6.5
Campbell UHSD	Santa Clara	\$275.0
<b>Cardiff ESD</b>	<b>San Diego</b>	<b>\$22.0</b>
<b>Cascade ESD</b>	<b>Shasta</b>	<b>\$8.9</b>
Chico USD	Butte	\$152.0
<b>Chowchilla ESD</b>	<b>Madera</b>	<b>\$13.0</b>
Coalinga-Huron USD	Fresno	\$39.0
<b>Corning HSD</b>	<b>Tehama</b>	<b>\$8.3</b>
Cotati Rohnert Park USD	Sonoma	\$80.0
El Centro ESD	Imperial	\$22.1
<b>Exeter USD</b>	<b>Tulare</b>	<b>\$18.0</b>
<b>Galt HSD</b>	<b>Sacramento &amp; San Joaquin</b>	<b>\$36.0</b>
Garvey ESD	Los Angeles	\$40.0
<b>Guadalupe ESD</b>	<b>Santa Barbara</b>	<b>\$5.8</b>
<b>Guadalupe ESD</b>	<b>Santa Barbara</b>	<b>\$5.6</b>
<b>Guerneville ESD</b>	<b>Sonoma</b>	<b>\$7.0</b>
Hanford ESD	Kings	\$24.0
Hanford HSD	Kings and Tulare	\$33.0
<b>Healdsburg USD</b>	<b>Sonoma</b>	<b>\$67.0</b>
Huntington Beach ESD	Orange	\$159.8
Imperial USD	Imperial	\$40.0
<b>Jacoby Creek ESD</b>	<b>Humboldt</b>	<b>\$2.7</b>

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November 2016 Isom Advisors G.O. Bond Successes (B)		
District	County	Amount <sup>(1)</sup>
Konocti USD	Lake	\$29.6
Lawndale ESD	Los Angeles	\$27.0
<b>Lemoore HSD</b>	<b>Kings</b>	<b>\$24.0</b>
<b>Live Oak USD</b>	<b>Sutter</b>	<b>\$14.0</b>
Lodi USD	San Joaquin	\$281.0
<b>Mariposa County USD</b>	<b>Mariposa</b>	<b>\$24.0</b>
Martinez USD	Contra Costa	\$120.0
<b>Mattole USD</b>	<b>Humboldt</b>	<b>\$2.0</b>
<b>Moraga ESD</b>	<b>Contra Costa</b>	<b>\$33.0</b>
Mountain View SD	Los Angeles	\$57.0
<b>Muroc JUSD</b>	<b>Kern</b>	<b>\$21.0</b>
Novato USD	Marin	\$222.0
<b>Pierce USD</b>	<b>Colusa and Yolo</b>	<b>\$15.0</b>
<b>Pioneer SD</b>	<b>Kings</b>	<b>\$7.0</b>
<b>Reef Sunset USD</b>	<b>Kings</b>	<b>\$12.0</b>
Shasta HSD	Shasta	\$56.9
Simi Valley USD	Ventura	\$239.0
Sonoma Valley USD	Sonoma	\$120.0
<b>Soquel ESD</b>	<b>Santa Cruz</b>	<b>\$42.0</b>
<b>South Bay ESD</b>	<b>Humboldt</b>	<b>\$4.0</b>
<b>South Whittier ESD</b>	<b>Los Angeles</b>	<b>\$29.0</b>
<b>Waugh ESD</b>	<b>Sonoma</b>	<b>\$4.0</b>
Westminster ESD	Orange	\$76.0
<b>Williams USD</b>	<b>Colusa</b>	<b>\$11.0</b>
Windsor USD	Sonoma	\$62.0
<b>Winters USD</b>	<b>Solano and Yolo</b>	<b>\$17.0</b>

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Source: Isom Advisors

# Leading FA to Small Districts

How We Help Small Districts

Bonsall Unified School District

The leader in small school district bond programs

- ❖ **Extension of Staff** – small districts don't have the resources or experience in selling bonds and need a lot of hand holding; our fees are fixed and we won't nickel and dime you
- ❖ **Small School District Association ("SSDA") Leader** – platinum member for last eight years; commissioned to do study with Mark Joffe of the California Policy Center and helped with recent legislation on behalf of small school districts
- ❖ **Rating Agency Experience** – small districts have lower ratings; lower ratings have higher interest rates; unmatched experience getting the highest ratings
- ❖ **Insurance Experience** – small districts require more insurance than larger districts; extensive small school district experience negotiating favorable terms

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## About the District

# District Bond & Assessed Value History

District's tax base has grown by 114% since 2004

Bonsall Unified School District

Bonsall USD Historical Assessed Value		
Fiscal Year Ending	Total Value	% Change
2004	\$1,603,686,817	
2005	\$1,830,365,471	14.13%
2006	\$2,146,409,484	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%
<b>Average</b>		<b>6.20%</b>

- ❖ District voters passed a bond in 2005 for \$17.0 million at 65.6% voter approval
- ❖ District has no remaining authorization from the Election of 2005
- ❖ Current 2017-18 tax rate is \$25.23 per \$100,000 of assessed value

Source: California Municipal Statistics/San Diego County

- ❖ District's 2017-18 assessed value is approximately \$3.6 billion; fourteen-year average assessed value growth rate is 6.20%
  - Five-year average assessed value growth rate is 4.82%
- ❖ District's gross bonding capacity is approximately \$89.9 million (2.50% x assessed value); District's outstanding G.O. bond debt is approximately \$13.6 million; District's net bonding capacity, or current debt limit, is approximately \$76.3 million

# General Obligation Bond Proceeds

District can generate between \$50.2 million and \$65.6 million

Bonsall Unified School District

AV Growth of 3.50% and 30 year bond terms:

Bonsall USD Bond Proceeds at Varying Tax Rates				
Tax Rate per \$100,000	Series A 2019	Series B 2021	Series C 2023	Total Bond Proceeds
\$45.00	\$15,900,000	\$15,300,000	\$16,000,000	\$47,200,000
\$50.00	\$17,600,000	\$16,900,000	\$17,500,000	\$52,000,000
\$60.00	\$21,100,000	\$19,900,000	\$20,500,000	\$61,500,000

AV Growth of 4.00% and 30 year bond terms:

Bonsall USD Bond Proceeds at Varying Tax Rates				
Tax Rate per \$100,000	Series A 2019	Series B 2021	Series C 2023	Total Bond Proceeds
\$45.00	\$16,800,000	\$16,300,000	\$17,100,000	\$50,200,000
\$50.00	\$18,600,000	\$17,900,000	\$18,700,000	\$55,200,000
\$60.00	\$22,400,000	\$21,300,000	\$21,900,000	\$65,600,000

Assuming various tax rates and various AV growth assumptions, the District can generate significant bond proceeds. The tables above show estimated proceeds at a 3.50% and 4.00% (San Diego County recommends projections not exceed 4%) AV growth rate, and all scenarios provide an estimate based on a \$45, \$50 or \$60 tax rate and all using current interest bonds. Please note this are estimate only and the amount can varying based on several factors.

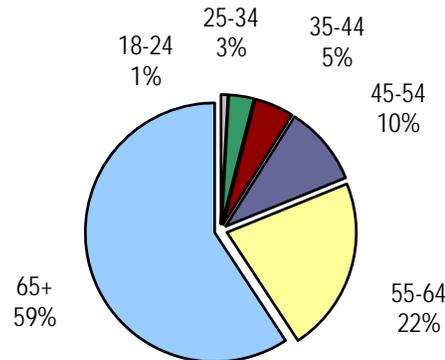
# District Voter Demographics

A Conservative Electorate for the Gubernatorial Cycle

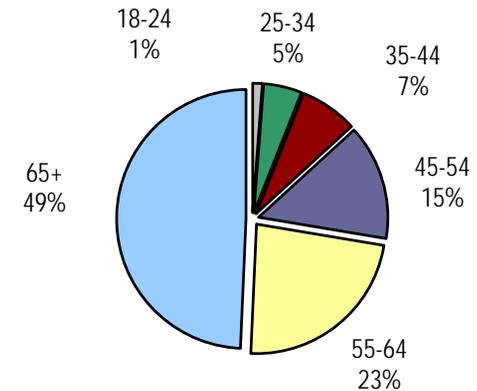
Bonsall Unified School District

- ❖ District has conservative voting demographics, especially projected for a 2018 gubernatorial year
- ❖ *Predominantly older voters with a significant share of Republicans would benefit from a Financial Advisor with major political experience*

Voter Age Demographics – June 2014



Voter Age Demographics – November 2014



District Voter Demographics  
2,861 Voter Turnout – June 2014

	<u>Total</u>	<u>Percent</u>
Republicans	1,817	63%
Democrats	566	20%
Other	478	17%
<b>VBM Voters</b>	<b>2,368</b>	<b>83%</b>

District Voter Demographics  
4,745 Voter Turnout – November 2014

	<u>Total</u>	<u>Percent</u>
Republicans	2,819	60%
Democrats	1,010	21%
Other	916	19%
<b>VBM Voters</b>	<b>3,681</b>	<b>78%</b>

Source: Political Data

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## Scope of Services and Fees

# Scope of Services

We manage entire process from beginning to money in the bank

**Bonsall Unified School District**

- ❖ Analyze the bond market to determine timing, credit enhancement requirements, structure, bond amount, legal documentation requirements, rating requirements, and method of sale
- ❖ Assist District, as needed, to assemble bond finance team members including bond counsel, paying agent, trustee, and underwriter
- ❖ Prepare timeline, distribution lists, and term sheets to manage financing
- ❖ Manage bond issuance process including the coordination with other finance team members (bond counsel, paying agent, trustee, and underwriter, if needed)
- ❖ Define the proposed structure including sizing, call provisions, amortization schedule, and phasing of debt service repayment
- ❖ Review legal documents including district and county resolutions, bond purchase agreements, Preliminary Official Statement, and Official Statement
- ❖ Prepare rating agency and insurer presentation; negotiate with analysts of same
- ❖ Assist in preparation and train District members for rating agency meetings
- ❖ Analyze tax base and recommend appropriate tax structure
- ❖ For competitive sale, review Notice of Sale and Bid Form, distribute bid documents to qualified underwriters and post bid documents, monitor and verify bids on day of sale, and coordinate award of winning bid
- ❖ For negotiated sale, discuss structure and tax rate objectives with underwriter, review proposed structure and scale and make recommendations as appropriate, review fees, and review final pricing
- ❖ Review closing documents including tax opinion, arbitrage certificate, and continuing disclosure certificate
- ❖ Prepare wrap up presentation booklets to summarize bond sale
- ❖ Manage pre-closing and closing
- ❖ Attend board meetings as needed to explain bond sale, legal documents, and pricing summary

# Estimated Fees

Fixed fee regardless of how much time it takes

Bonsall Unified School District

Our value is determined by providing the District with the *highest level of service, acting as the District's fiduciary, and keeping costs down*. We charge a flat fee regardless of the complexity of work required or how much time it may take for a financing transaction to be completed. Our firm does not charge a fee for travel time. These fees are based on our experience in the industry on what it takes to get the job done at a high level of service and at a competitive price.

The following table provides a breakdown of our proposed fees:

Financial Advisory Services Fees and Expenses	
<b>Financial Advisory</b> – for each series of GO Bonds, COPs, TRANs, and Refunding bonds sold, payable upon the closing of each series of Bonds. (Post election bond work)	\$65,000 (not to exceed)
<b>Direct Costs</b> – reimbursement for the cost of third party reports necessary to complete the financing, payable upon the closing of each series of Bonds at cost with <u>no</u> mark-up	\$1,500 (not to exceed)
<b>Expenses</b> (mileage, meals, etc.) – for each series of Bonds sold, payable upon the closing of each series of Bonds at cost with <u>no</u> mark-up.	\$2,000 (not to exceed)

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## Rationale for Selection

# Rationale for Selection

## Why Hire Us?

## Bonsall Unified School District

- ❖ **#1 in Implementing New Bond Programs** – as a full service firm with campaign experience, we have the financial and political “know how” to assist the District prior to the election; in a conservative district like Bonsall USD, this *could be the difference between winning and losing*
- ❖ **#1 FA in the State to K-12 Districts** – experience with rating agencies, insurers, underwriters, etc. will *save the District and its property taxpayers critical bond dollars that can be used for projects*
- ❖ **Unmatched Experience with Small Districts** – we do *more K-12 SMALL district financings than other firms do ALL K-12 district financings*; the vast majority of our business is working with small districts, and we know what works, what doesn’t, and how to best assist administration
- ❖ **Great Working Relationship San Diego County** – Experience working with the County to *establish* new bond programs through the election as well as get their support in *selling* bonds
- ❖ **Past success with the District** – The person who will be assigned to manage the bond campaign helped the District with its only previous successful election

“Isom Advisors brought to me an innovative plan that would upgrade and renovate our facilities as well as improve the general fund. They implemented the plan to perfection and we won handily.”

Tim Baird, Superintendent  
Encinitas Union School District