

# Issuance of Measure X Remaining Funding

San Mateo-Foster City School District  
Board of Trustees  
June 6, 2019

# Funding Considerations

- ◆ IRS 3 year spend down rule:
  - Reasonable assumption that the funds will be fully expended in 3 years
- ◆ Phase I funding is within Phase I allocation
- ◆ Phase II funding needs are planning only
- ◆ Financing constraints
  - District's assessed value (AV)
  - Interest rates
  - Tax rates

# Measure X Funding

		Original Measure X Allocation	Measure X Interest	Measure X Total
Phase I Projects	Abbott Gym & Classrooms	18,800,000	-	19,877,524
	Bayside Gym	10,800,000	-	11,905,624
	Borel Gym & Classrooms	18,800,000	-	19,700,000
	New School in Foster City	17,000,000	-	22,416,852
	Escalation	7,000,000	-	
	Interest	-	1,500,000	
	<b>Totals</b>	<b>\$ 72,400,000</b>	<b>\$ 1,500,000</b>	<b>\$ 73,900,000</b>

Phase II Projects	George Hall	12,000,000	-	12,000,000
	Sunnybrae	14,200,000	-	14,200,000
	Bowditch	19,500,000	-	19,500,000
	North Central School	23,000,000	-	23,000,000
	Escalation	7,000,000	-	7,000,000
	<b>Totals</b>	<b>\$ 75,700,000</b>	<b>\$ -</b>	<b>\$ 75,700,000</b>

<b>Grand Total</b>	<b>\$ 148,100,000</b>	<b>\$ 1,500,000</b>	<b>\$ 149,600,000</b>
<i>*includes \$1.5 mil interest</i>			<i>(1,500,000)</i>
<b>Original Bond Allocation</b>	<b><u>\$ 148,100,000</u></b>		<b><u>\$ 148,100,000</u></b>

# Phase I Timeline

Phase I Projects		Original Measure X Allocation	Measure X Interest	Measure X Total	Completion Date <i>(as of 6/05/19)</i>
	Abbott Gym & Classrooms	18,800,000	-	19,877,524	July 2020
	Bayside Gym	10,800,000	-	11,905,624	April 2020
	Borel Gym & Classrooms	18,800,000	-	19,700,000	August 2020
	New School in Foster City	17,000,000	-	22,416,852	by Spring 2021
	Escalation	7,000,000	-		
	Interest	-	1,500,000		
	<b>Totals</b>	<b>\$ 72,400,000</b>	<b>\$ 1,500,000</b>	<b>\$ 73,900,000</b>	

# Issue Series B in 2020-21

## Benefits

Spend funds within 3 years

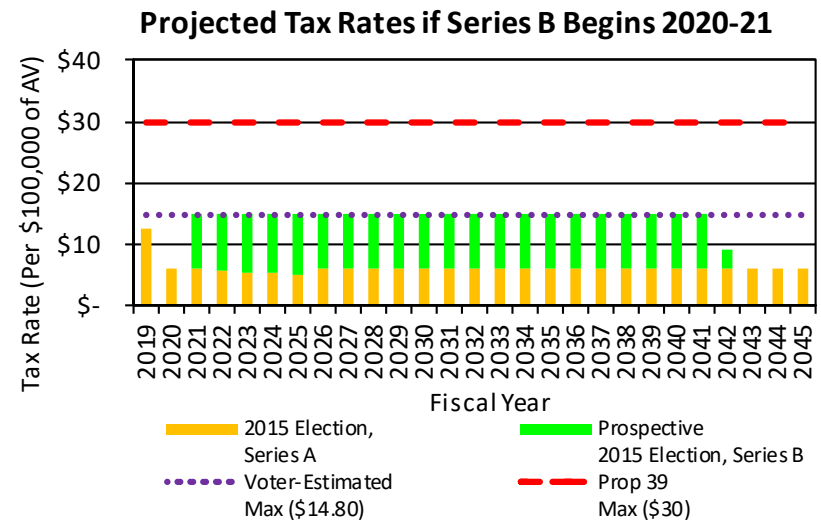
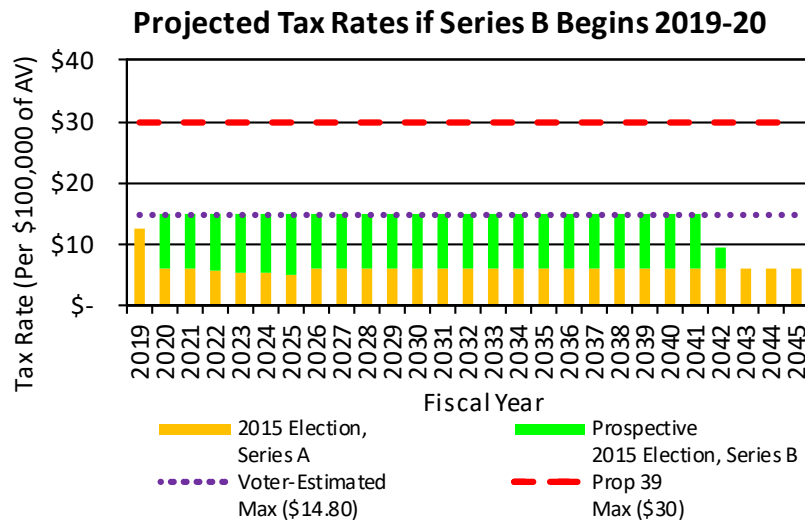
Meet 3-year spend down requirement of IRS rule

Bonds should always be sold in an amount and at a time to meet this IRS rule

Issuing early incurs unnecessary interest expenses to taxpayers

Bonds can still be issued in 2019-20 even if tax rate not set for that year

# Projected Tax Rates (1)



- (1) Assumes AV growth of 4.50% annually and 4.75% interest rates (higher than current market to be conservative). Assumes issuance dates of 8/1/2019 and 8/1/2020, respectively.

# Interest Rate Considerations

- ◆ Assuming interest rates remain steady, the later the bonds are sold, the lower cost they become due to assessed value growth
  - If interest rates increase, it may be more economical to issue sooner
  - If interest rates decline, it may be more economical to issue later



# Questions and Discussion

