

Issuance of Measure X Remaining Funding

San Mateo-Foster City School District
Board of Trustees
June 20, 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	
	Totals	\$ 72,400,000	\$ 1,500,000	\$ 73,900,000

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
	Totals	\$ 75,700,000	\$ -	\$ 75,700,000

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

Phase I Timeline

		Original Measure X Allocation	Measure X Interest	Measure X Total	Work Anticipated Through
Phase I Projects	Abbott Gym & Classrooms	18,800,000	-	19,877,524	Summer 2020
	Bayside Gym	10,800,000	-	11,905,624	Spring 2020
	Borel Gym & Classrooms	18,800,000	-	19,700,000	Fall 2020
	New School in Foster City	17,000,000	-	22,416,852	Early 2021
	Escalation	7,000,000	-		
	Interest	-	1,500,000		
	Totals	\$ 72,400,000	\$ 1,500,000	\$ 73,900,000	

Issue Series B in 2020-21

Benefits

Spend funds within 3 years

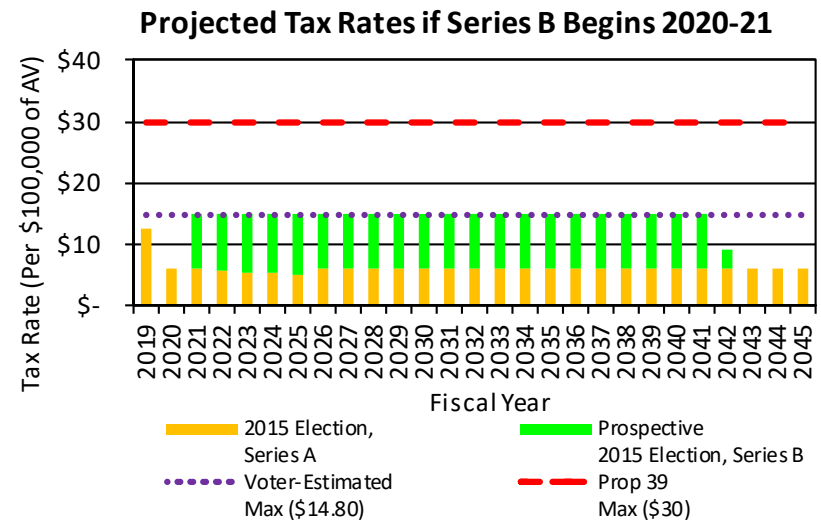
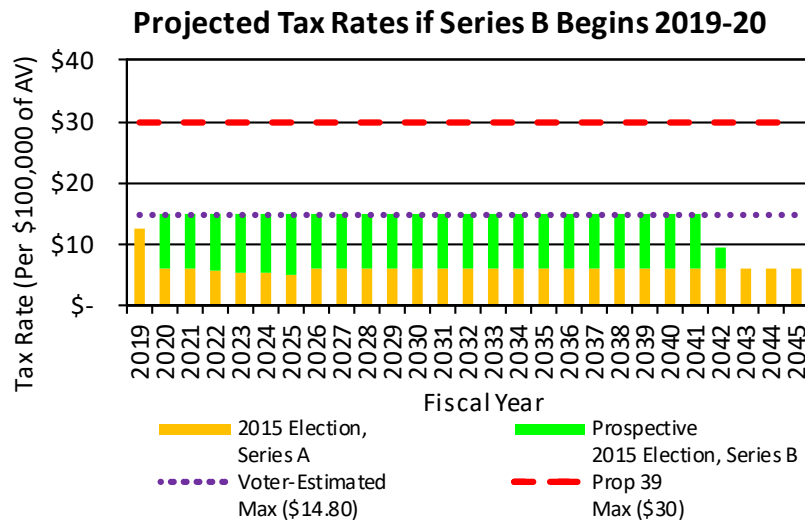
Meet 3-year spend down requirement of IRS rule

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

