



Campbell Union School District



2017 GENERAL OBLIGATION BONDS

(General Obligation Bonds, Election of 2010 Series E, and
General Obligation Bonds, Election of 2016, Series A)

**PRESENTATION TO THE BOARD OF TRUSTEES
DECEMBER 8, 2016**

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2016 Measure CC



- On November 8th, District voters approved 2016 Measure CC by a vote of 68.6% in favor.
 - Authorizes the District to issue bonds subject to certain conditions.
 - Obligates property taxpayers to make debt service payments on bonds issued.
 - Our job is to implement the bond program in a way that is fair to current and future taxpayers, is cost effective, and is consistent with the messages conveyed during the campaign.
 - Among other priorities, we are focusing specifically on maintaining a tax rate for all District bonds at or below the \$67.20 per \$100,000 of assessed valuation target.

Original Financing Plan



- The original financing was developed around the following features.

Authorization Amount:	\$72 million.
Bond Issuance Schedule:	Four series of bonds issued in alternate years –2017, 2019, 2021, and 2023.
Repayment Structure:	Each series of bonds to be repaid over thirty years with overall repayment for all bonds escalating at a rate not exceeding 4.0% per year.
Tax Rate Statement Estimates:	Maximum tax rate of \$67.20 per \$100,000 of assessed value for all bonds and up to \$17.05 per \$100,000 of assessed value for 2016 Measure CC alone (State law allows a maximum of \$30.00 per \$100,000 of assessed value for each authorization). Overall debt service estimated at \$162 million.
Interest Rates:	Assumed at 5.50% for each series.
Tax Base Growth:	Assumed at 4.00% for purposes of projecting tax rates.
Adjustments to the Program:	Plan for strong tax base growth to allow for de-escalation of overall program to 2.00% starting with the longest maturities.
Other Targets:	No capital appreciation bonds. Link to 2010 Measure G authorization.

Issue Size



- Based on our analysis, the proposed resolution calls for an issue size of \$28 million.
 - The resolution provides for a single series of bonds (Series 2017) to be comprised of both 2010 Measure G Bonds (not to exceed \$8 million) and 2016 Measure CC Bonds (not to exceed \$20 million).
 - While the bonds will be sold to investors as a single series, a clear breakdown between the two will be provided in the official statement for tax rate setting purposes (among others).
 - Such structure will likely, though not necessarily, reduce interest costs, and will certainly reduce upfront costs (versus the alternative of issuing two separate series).
 - While upfront costs will be marginally higher than for a single series of bonds under a single authorization, we will work to contain cost increases.

History of Bond Authorizations



- The District has been issuing bonds to fund projects for more than 20 years and on an ongoing and consistent basis since 2002.

Election Date	Measure	Authorization Amount	% Support	New Money Issues
Nov-94	Measure D	\$ 42,000,000	73.2%	1994, 1996, and 1997
Mar-02	Measure H	74,900,000	66.90%	2002, 2004, 2005, 2006, 2007, and 2008
Jun-10	Measure G	150,000,000	73.9%	2010, 2011, 2014, and 2015
Nov-16	Measure CC	72,000,000	68.6%	None
Total		\$ 338,900,000		

Note: The District has also refunded bonds on seven separate occasions.

History of Tax Rates



- As a result of such issuances, the County has been levying special tax rates on behalf of the District since tax year 1994-95.

Year	1994 Measure D	2002 Measure H	2010 Measure G	Total
2000	\$33.00	-	-	\$ 33.00
2001	30.20	-	-	30.20
2002	26.20	-	-	26.20
2003	26.70	\$20.20	-	46.90
2004	27.10	27.90	-	55.00
2005	28.00	24.90	-	52.90
2006	25.90	25.30	-	51.20
2007	24.00	26.80	-	50.80
2008	23.20	24.30	-	47.50
2009	27.10	25.30	-	52.40
2010	28.50	26.70	-	55.20
2011	24.90	29.80	\$0.50	55.20
2012	28.30	26.60	0.30	55.20
2013	24.60	22.00	8.60	55.20
2014	26.40	28.80	0.00	55.20
2015	23.50	17.20	14.50	55.20
2016	22.00	19.60	13.60	55.20
2017	29.40	25.80	0.00	55.20

Bond Issuance Schedule



- Under the current plan, the District expects to be issuing authorized bonds through fiscal year 2028-29.

Year	2016 Measure CC	2010 Measure G	Combined
Already Issued	\$0 million	\$81 million	\$81 million
2017	\$20 million	\$8 million	\$28 million
2019	\$20 million	\$0 million	\$20 million
2021	\$20 million	\$0 million	\$20 million
2023	\$12 million	\$8 million	\$20 million
2025	\$0 million	\$20 million	\$20 million
2027	\$0 million	\$20 million	\$20 million
2029	\$0 million	\$13 million	\$13 million
	\$72 million	\$150 million	\$222 million

Tonight's Resolution



- From a financing standpoint, tonight's resolution accomplishes a number of key objectives including:
 - Authorizing the issuance of the bonds.
 - Establishing the broad parameters for their sale.
 - Describing the specific mechanics for the bonds issuance.
 - Specifying that the bonds will be sold by competitive sale unless otherwise determined.
 - Approving certain documents as to form.

Single Issuance



- The bonds will be sold as a single issue, comprised of both 2010 Measure G bonds and 2016 Measure CC bonds.
 - The purpose of selling the bonds as a single series is to positively impact the marketability (and thus lower the interest rate).
 - Such structure is also expected to reduce upfront costs of issuance.
 - While upfront costs will be marginally higher than for a single series of bonds under a single authorization, we will work to contain cost increases.
 - A clear attribution of principal amounts between 2010 Measure G Bonds and 2016 Measure CC Bonds will be decreased in the official statement for tax rate setting purposes among others.

Parameters for the Sale of Bonds



- The resolution establishes a number of broad parameters for the bonds.
 - Principal amount will not exceed \$20 million for the 2016 Measure CC Bonds and \$8 million for the 2010 Measure G Bonds.
 - Bonds will be issued as current interest bonds.
 - Bonds will have a maximum maturity of 30 years.
 - The true interest cost percentage will not exceed 5.00%.
 - Upfront costs of issuance will total approximately \$260,000 and the underwriter's compensation will not exceed \$6 per bond (\$168,000 for an issue of \$28 million).

Costs of Issuance



- For purposes of the resolution, we have estimated costs of issuance at \$257,000.

Role	Consultant	Fee
Financial Advisor	Public Financial Management	\$90,000*
Financial Advisor Reimbursables	Public Financial Management	2,500
Bond Counsel	Quint & Thimmig LLP	40,000
Bond Counsel Reimburseables	Quint & Thimmig LLP	2,500
Disclosure Counsel	Quint & Thimmig LLP	25,000
Disclosure Counsel Reimburseables	Quint & Thimmig LLP	2,500
Special Revenue Opinion Counsel		25,000
Rating Agency	Moody's Investor Service	26,000
Rating Agency	Fitch	26,000
Paying Agent	US Bank	2,500
Municipal Data	California Municipal Statistics	2,000
Printing	AVIA	1,500
Bidding Platform	IPREO	2,000
Contingency	To Be Returned if Unused	10,000
Total		\$257,500

*Reflects the standard fee of \$60,000 for the 2016 Series A bonds and a discounted fee of \$30,000 for the 2010 Series F bonds.

Certifications and Commitments



- In issuing this series of bonds, the District will at one point or another be making certain important certifications and commitments.
 - That bond proceeds will be expended for governmental purposes and as described to voters at the time of each respective election.
 - That the District reasonably expects to expend bond proceeds within three years of the date of the borrowing.
 - That the financing meet established standards in terms of the relationship between the average economic life of the assets being financed and the weighted average maturity of the bonds issued.
 - That the preliminary official statement used to market the bonds shall contain no material omissions or misstatements of fact.
 - That the District will act to fully comply with the requirements set forth in the continuing disclosure certificate.

Financing Schedule



- Approval of tonight’s resolution will allow the District to have funds on hand by mid-February.

Date	Activity
Tuesday, November 15th	Distribute initial draft of board authorizing resolution and legal documents.
Monday, November 21st	Comments due on the board authorizing resolution and legal documents.
Tuesday, November 22nd	Agenda deadline for the December 8th board meeting to approve documents.
Thursday, December 8th	District Board meeting to approve authorizing resolution.
Week of December 12th	Meeting with rating agencies.
Week of December 19th	Receive ratings.
Thursday January 12th	Advertise the sale of the bonds in the Bond Buyer.
Thursday, January 19th	District Board Meeting - Adopt the preliminary official statement and debt management policy.
Friday, January 20th	Post POS.
Tuesday, January 31st	Pricing.
Tuesday, February 14th	Closing.

Additional Requirements



- Closing of this transaction will require a number of additional actions of the Board.
 - Approval of a Debt Management Policy meeting SB 1029 requirements.
 - Approval of a form of Preliminary Official Statement prior to its distribution to investors.
 - Resolution canvassing the results of a general obligation bond election held on November 8, 2016.

Interest Rates



- Interest rates have been increasing significantly since summer.

Date	12/1/15	1/1/16	2/1/16	3/1/16	4/1/16	5/1/16	6/1/16	7/1/16	8/1/16	9/1/16	10/1/16	11/1/16	11/18/16
2-yr	0.73	0.77	0.67	0.57	0.68	0.64	0.73	0.59	0.52	0.67	0.82	0.85	1.05
5-yr	1.24	1.26	1.01	0.97	1.07	0.98	1.09	0.89	0.85	0.89	1.02	1.14	1.54
10-yr	1.98	1.92	1.72	1.81	1.70	1.61	1.66	1.34	1.42	1.44	1.51	1.74	2.26
30-yr	2.92	2.82	2.75	2.86	2.68	2.58	2.45	1.99	2.13	2.12	2.31	2.56	2.88