



# GO Bond Measure Planning Overview

June 27, 2017

# GO Bond Overview

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- GO Bonds are repaid with an ad valorem tax on all taxable properties within a school district's boundary.
- The bond measure requires voter approval, and two options are available under State law:
  - Proposition 46 (1986): Requires 2/3rd vote in favor
  - Proposition 39 (2000): Requires 55% vote in favor (must be on a regularly scheduled election date)
- The majority of school bond elections today are Proposition 39 bonds.
- In exchange for a lower voter approval threshold, Proposition 39 bond measures require certain accountability requirements:
  - Tax rate cap of \$60 per \$100,000 of assessed value (unified school districts);
  - Detailed project list; and
  - Formation of a citizens' bond oversight committee.
- For a new bond measure, the District will need to consider various structural features/underlying assumptions to calculate the bond measure amount and tax rate.

# Outstanding GO Bonds & Bonding Capacity

## Outstanding Bonds

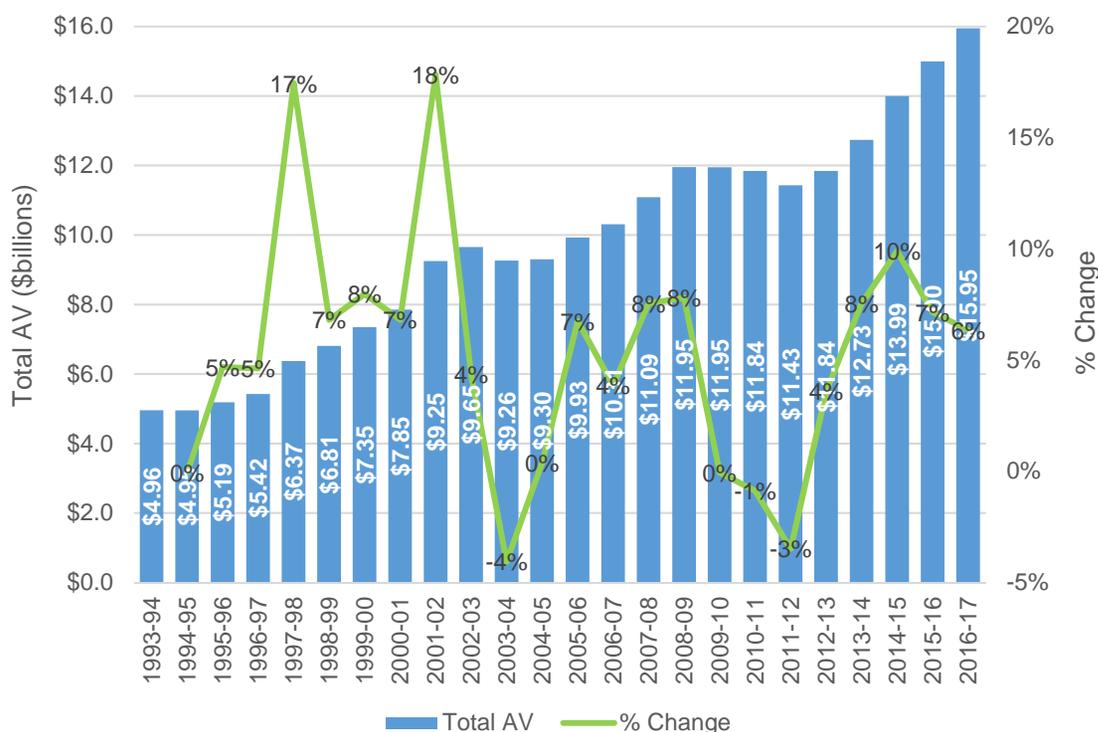
Measure	Series	Issue Date	Original Par Amount Issued	Maturity Date	Amount Outstanding (6/1/2017)	Call Date / Refunded
<b>Election of 1996</b>	Series 1996	8/22/1996	\$20,000,000	9/1/2020	-	Refunded in 2001
	Series 1998	6/2/1998	24,700,000	9/1/2022	-	Refunded in 2004
	Series 2000	6/1/2000	20,000,000	9/1/2024	-	Refunded in 2004
Total Outstanding					-	
<b>Election of 2012</b>	Series A	8/21/2012	\$55,000,000	8/1/2037	\$44,500,000	8/1/2022
	Series B	8/7/2014	40,000,000	8/1/2037	34,385,000	8/1/2024
Total Outstanding					<b>\$78,885,000</b>	
<b>Refunding Bonds</b>						
<b>Election of 1996</b>	2001 Refunding	11/13/2001	\$17,250,000	9/1/2020	-	Refunded in 2010
	2004 Refunding	12/8/2004	40,580,000	9/1/2024	-	Refunded in 2014
	2010 Refunding	2/18/2010	11,670,000	9/1/2020	\$5,080,000	Non-callable
	2014 Refunding	8/7/2014	24,785,000	8/1/2024	21,470,000	Non-callable
Total Refunding Bonds Outstanding					<b>\$26,550,000</b>	
<b>TOTAL GO BONDS OUTSTANDING</b>					<b>\$105,435,000</b>	

## Bonding Capacity

<b>Total Assessed Valuation 2016-17</b>	<b>\$15,948,518,813</b>
Bonding Capacity @ 2.5%	398,712,970
Outstanding Bond Indebtedness	(105,435,000)
<i>Remaining Bonding Capacity</i>	<i>\$293,277,970</i>

# Assessed Value

Compounded Annual Growth Rate (CAGR)	
5-year CAGR	6.89%
10-year CAGR	4.46%
15-year CAGR	3.70%
20-year CAGR	5.54%



Fiscal Year	Total AV	% Change
1993-94	4,956,152,807	~
1994-95	4,952,622,939	-0.07%
1995-96	5,185,070,339	4.69%
1996-97	5,424,949,898	4.63%
1997-98	6,371,551,869	17.45%
1998-99	6,805,532,317	6.81%
1999-00	7,348,397,096	7.98%
2000-01	7,849,729,787	6.82%
2001-02	9,249,634,933	17.83%
2002-03	9,653,284,898	4.36%
2003-04	9,260,879,856	-4.06%
2004-05	9,297,792,695	0.40%
2005-06	9,925,366,481	6.75%
2006-07	10,308,278,021	3.86%
2007-08	11,087,757,315	7.56%
2008-09	11,951,970,066	7.79%
2009-10	11,945,562,466	-0.05%
2010-11	11,840,567,911	-0.88%
2011-12	11,429,179,299	-3.47%
2012-13	11,839,360,034	3.59%
2013-14	12,734,339,884	7.56%
2014-15	13,994,572,477	9.90%
2015-16	14,995,747,553	7.15%
2016-17	15,948,518,813	6.35%

# Potential Financing Program

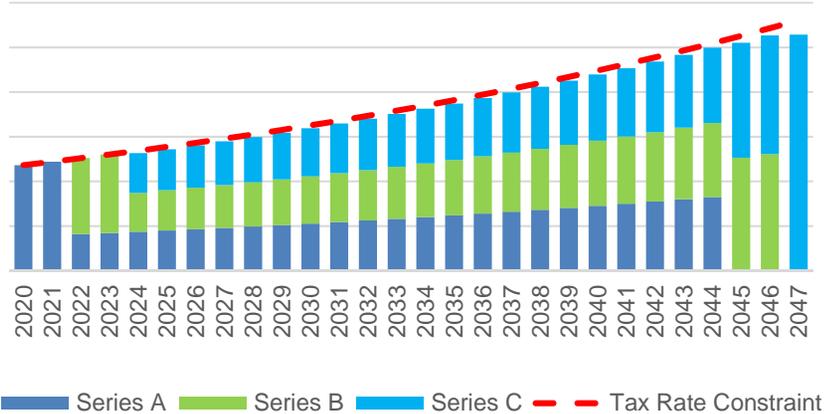
## Considerations

- Milpitas USD 2016/17 AV = \$15,948,518,813
- Number of issues – determined based on the anticipated cash-flow needs of the District.
- Bond repayment term – generally 25 to 30 years (based on useful life of assets financed).
- Bond structure – recommend using Current Interest Bonds only.

### Sample Financing Structure

Tax Rate	Authorization Amount*
\$30 Tax Rate	Approx. \$128 million
\$45 Tax Rate	Approx. \$192 million
\$60 Tax Rate	Approx. \$256 million

\*Tax Rates per \$100k of assessed value.

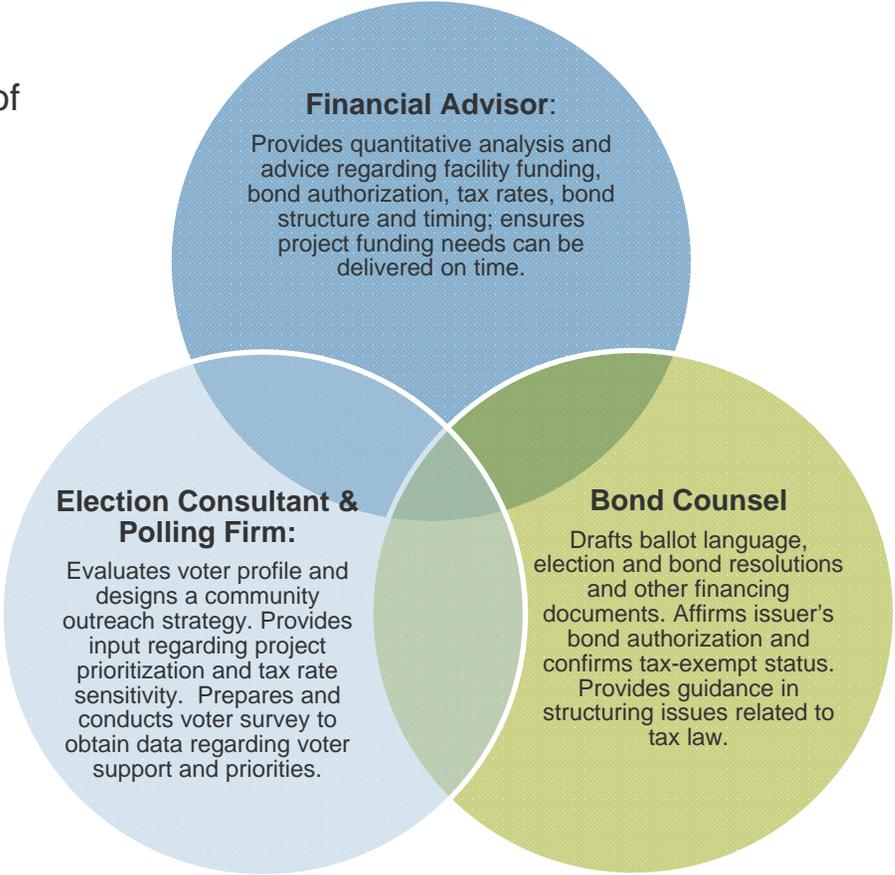


# Planning Team

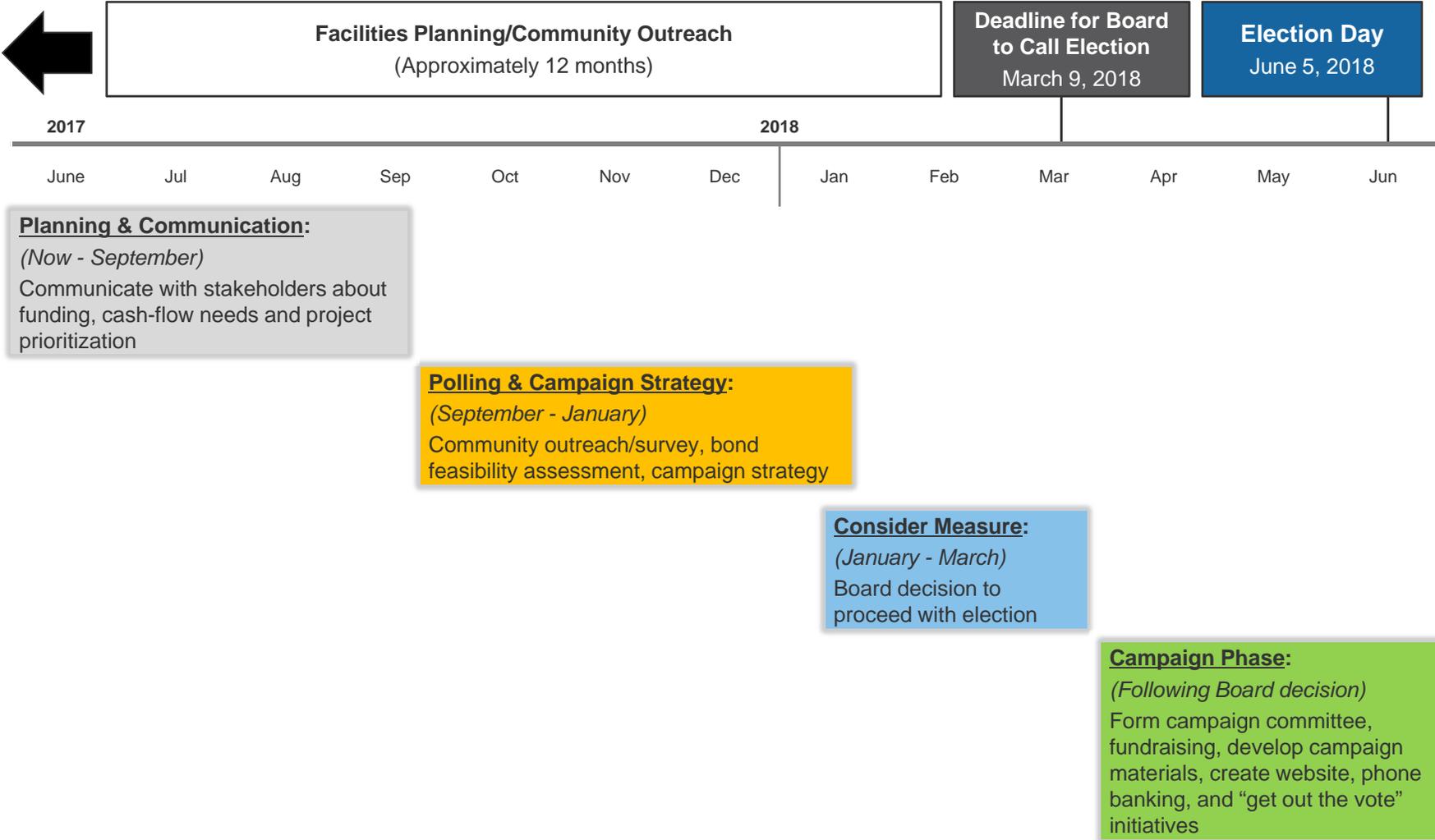
- Collaboration amongst District, Election Consultant, Polling Firm, Bond Counsel and Financial Advisor.
- Financial analysis is an instrumental piece to long-range capital planning and consideration of a future bond.

Component	Description
Funding Analysis	<ul style="list-style-type: none"> <li>• Analyze potential GO bond funding based upon bonding capacity limits, tax rate constraints, and financing assumptions.</li> <li>• Align timing and availability of funding with prioritized construction projects and schedule.</li> </ul>
Political Strategy	<ul style="list-style-type: none"> <li>• Design a voter survey that identifies key messages, voter sensitivities and project specific information.</li> <li>• Provide strategic recommendations based on voter profile, community characteristics and polling data.</li> </ul>
Voter Survey	<ul style="list-style-type: none"> <li>• Voter survey identifies voter preferences, sensitivities, and levels of support for various funding scenarios.</li> </ul>
Legal Analysis	<ul style="list-style-type: none"> <li>• Ballot resolution outlines statutory bond parameters, planned expenditures/use of bond proceeds and other legal terms required of a new bond measure.</li> </ul>

## District’s Consulting Team



# Election Timeline



\* General Election – November 6, 2018; deadline for Board to Call Election – August 10, 2018.